

Nonprofit and Civil Society Studies  
An International Multidisciplinary Series

Samiul Hasan *Editor*

# Human Security and Philanthropy

Islamic Perspectives and Muslim  
Majority Country Practices



Springer

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Editor

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Islamic Perspectives and Muslim  
Majority Country Practices



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# Preface

This work has a long history and combines my professional interest and work on philanthropy, the third sector, and development (e.g., my doctoral dissertation voluntarism and local sustainable development planning completed in 1991 at the University of Waterloo) with my quest for understanding Islam and Muslim majority countries (MMCs).

During my field study in Bangladesh, for my doctoral dissertation, I started to look at religious aspects of philanthropy in poor communities. Later on with my involvement in the Asia Pacific Philanthropy Information Network (APPIN; [www.asianphilanthropy.org](http://www.asianphilanthropy.org)) research work as principal researcher (2001–06) and project director (2005–06), I got an opportunity to explore philanthropy in Muslim societies like Indonesia, Malaysia, and Pakistan as well. The understanding and lessons were published in a book (*Philanthropy and Social Justice in Islam*, ASN, Kuala Lumpur, 2007).

During my recent works as the principal researcher and editor for *The Muslim World in the 21st Century: Space, Power, and Human Development* (Springer, 2102), I realized the importance of expanding further my work on Muslim philanthropy encompassing all MMCs. The pursuit owes to the fieldworks for my other research (*Comparative Third Sector Governance: Structure, Process, and Political Economy*, Springer, 2008) as the principal researcher and editor. These previous works and a job change to the Gulf furthered my interest on philanthropy, the third sector, and their human security roles in MMCs.

The enthusiasm from Springer (especially Teresa M. Krauss—the editor) and the eagerness of some possible contributors helped me crystallize the idea and the frame for this work. Due to suggestion from Teresa, the volume was transferred to the Nonprofit and Civil Society Series. I am thankful to Teresa, the authors, and the series editors (Paul Dekker and Annette Zimmerman).

During my visits to many MMCs, I received help from academics and people in government and nongovernment organizations as well as private organizations. They are too numerous to name, but I express my sincere gratitude to all of them (including those who wished to remain anonymous for technical reasons).

I am also expressing thanks (on my own and all the authors' behalf) to the reviewers who spent valuable time to comment on earlier drafts of the chapters. We are grateful to professors Adil Khan, Clara Morgan, Gerry Garland, Gordon Nelson, Jenny Onyx, Karla Simon, Mohammad Al Faruque, and Muhammad Alauddin. I am thankful to Saif Mohamed al-Mahrouqi for transliteration help, and to Noora al-Suwaidi for research assistance.

Finally, I am thankful to my wife, Arifa, and daughters, Samia and Fariha, for their understanding and forbearance.

Al Ain, UAE

Samiul Hasan

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# Abbreviations

ADB	Asian Development Bank
AFR	Adolescent fertility rate
AKAM	Aga Khan Microfinance Agency
AKDN	Aga Khan Development Network
AKFED	Aga Khan Foundation for Economic Development
AKRSP	Aga Khan Rural Support Program
ALR	Adult literacy rate
AOS	American Organization of States (AOS)
ASA	Association for Social Advancement, Bangladesh
ASEAN	Association of South East Asian Nations
AU	African Union
AusAID	Australian Agency for International Development
BCE	Before common era (aka, BC)
BMRA	Bangladesh Microcredit Regulatory Authority
BRAC	Bangladesh Rural Advancement Council
CBO	Community-based organization
CBR	Central Board of Revenue
CE	Common era (aka, AD)
CHS	Committee on Human Security
CIDA	Canadian International Development Agency
CMR	Child mortality rate
CPR	Contraceptive prevalence rate
CSSDA	Conference on Security, Stability, Development, and Cooperation in Africa
ECAID	Egyptian Association for Community Initiative and Development
FAO	Food and Agriculture Organisation
GCC	Gulf Cooperation Council (a regional cooperation organization comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE)
GDP	Gross domestic product
GII	Gender inequality index
GNI	Gross national income

GONGO	Government Organized NGO (see, NGO)
HDI	Human development index
HNWI	High net worth individuals
HSN	Human security network
HSP	Human security partnership
ICC	International Criminal Court
ICHS	Independent Commission on Human Security (ICHS)
ICISS	International Commission on Intervention and State Sovereignty
ICNPO	International Classification of Non Profit Organizations
ICRC	International Committee of Red Cross (Crescent)
IDP	Internally displaced person
IEF	Index of economic freedom
ILO	International Labour Organization
IPCC	Intergovernmental Panel on Climate Change
JCCI	Jeddah Chamber of Commerce and Industry
LDC	Least developed country
LEB	Life expectancy at birth
LFPR	Labour force participation rate
LSM	<i>Lembaga swadaya masyarakat</i> (self-reliant community organization in Indonesia)
MDGs	(UN) Millennium development goals
MENA	Middle East and North Africa
MFI	Microfinance Institution
MIX	Microfinance market exchange
MMC	Muslim majority country
MMR	Maternal mortality ratio
MOSAL	Ministry of Social Affairs and Labor, Kuwait
MUIB	Majlis Ugama Islam, Brunei (Islamic Religious Council of Brunei)
NGO	Non Government (or non-governmental) Organisation
NPC	Nonprofit Company; Not-For-Profit Company
NSHR	National Society for Human Rights, Saudi Arabia
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
PAHO	Pan-American Health Organisation
PAMF	Premiere Agence de Microfinance, Burkina Faso
PBUH	God's blessing and peace be upon him (blessings uttered by Muslims while mentioning the name of Prophet Muhammad)
PCR	Primary (School) completion rate
PEC	Asia-Pacific Economic Cooperation
PKSF	Palli Karma Sahayak (rural job assistance) Foundation (PKSF) formed in Bangladesh
PPP	Purchasing power parity
QUANGO	Quasi Nongovernmental Organization
R2P	Responsibility to protect
RCPB	Reseau de Caisses Populaires du Burkina

RFR	Replacement fertility rate
RNGO	Royal Non-Governmental Organizations, Jordan
SLANGO	Sierra Leone Association of NGOs
SSS	State support score
TCM	Third-sector capability measure
TFR	Total fertility rate
TSO	Third sector organisation
UAE	United Arab Emirates
UDHR	(United Nations) Universal Declaration of Human Rights 1948
UN	United Nations
UNDESA	UN Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNEP GEMS	UNEP Global Environmental Monitoring Program
UNESCO	United Nations Educational, Scientific, and Cultural Organization
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNTFHS	UN Trust Fund for Human Security
USAID	US Agency for International Aid
VAT	Value-added tax
WB	World Bank
WHO	World Health Organisation
WSOD	World Summit Outcome Document



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## About the Editor

**Samiul Hasan** is an accomplished academic with teaching experience in universities in Australia, Bangladesh, Canada, Indonesia, and the United Arab Emirates. With interests and expertise in voluntarism, governance, urban studies, human development, and Islam, he has published many pioneering research works building a list of about 130 publications. His professional expertise and passion for researching and disseminating new knowledge about Islam and Muslim communities culminated in a major comparative study (as principal researcher and editor) of people, geography, colonial heritage, economic system and political structure, and their impacts on human development in all 47 Muslim majority countries in Africa and Asia (*The Muslim World in the 21st Century: Space, Power, and Human Development*, Springer, 2012).

# **Part I**

## **Introduction and Theoretical Framework**

# Chapter 1

## Muslim Majority Countries, Philanthropy, and Human Security: Concepts and Contexts

Samiul Hasan

About 1.1 billion Muslims (of the total 1.6 billion in the world) live in 47 Muslim Majority Countries in Africa and Asia.<sup>1</sup> Proportion of Muslim population in these MMCs varies significantly ranging from about 50 % in five MMCs in sub-Saharan Africa (50 % in Nigeria and Burkina Faso, 51 % in Eritrea, 52 % in Guinea-Bissau, and 53 % in Chad) to almost 100 % in nine MMCs (Afghanistan, Mauritania, Oman, Qatar, Somalia, Tunisia, Yemen, Maldives, and Saudi Arabia; Fig. 1.1). Muslims (with a combined 68 % majority) live in these 47 MMCs mixing with about another 500 million people of other Faiths experiencing varied levels of human development (Table 1.1; Hasan, 2012a).

All Asian MMCs have attained at least “medium human development” measured in terms of the HDI (Human Development Index), six of which are in the high HDI category. While three of the richest MMCs have per capita income over PPP\$50,000—Brunei (PPP\$50,200), Qatar (PPP\$74,882), and the UAE (PPP\$54,626)<sup>2</sup>; four MMCs in Sub-Saharan Africa have per capita income below PPP\$750 (i.e. approximately \$2/day—Eritrea, Guinea-Bissau, Niger, and Sierra Leone; Table 1.1). Many people in these and many other MMCs, not having freedom from hunger, face human security crisis.

---

<sup>1</sup>There are also two MMCs in Europe – Albania (70% Muslim) and Kosovo (90% Muslim). The OIC (Organization of Islamic Conference), however, has 57 members including the Palestine Authority, and eight countries with around 1–40 % Muslim population: Benin (24 %), Cameroon (21 %), Cote d'Ivoire (40 %), Gabon (1 %), Guyana (15 %), Mozambique (24 %), Suriname (29 %), and Togo (20 %). Percentage of Muslim population is within the parentheses; source: CIA, 2014; also see Hasan, 2012a.

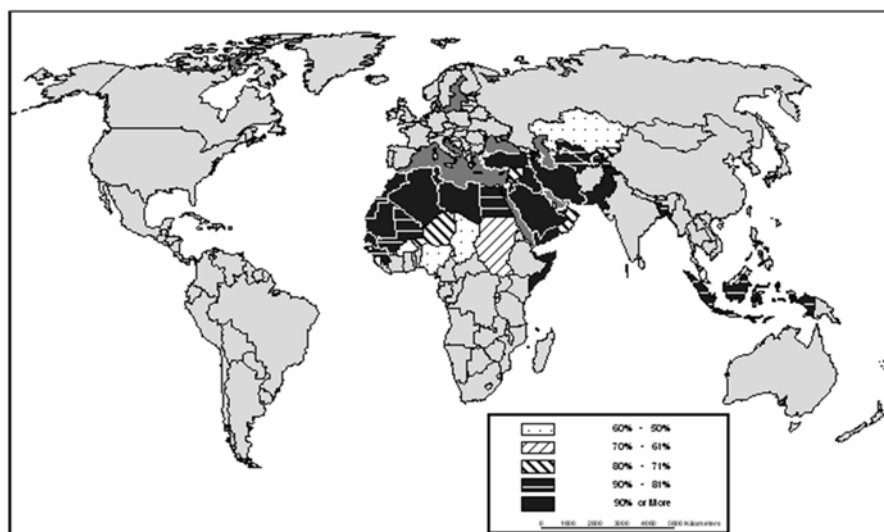
<sup>2</sup>Since Qatar and the UAE, respectively have 80 % and 91 % expatriate population, per capita income for the citizens in each country is likely to be significantly higher.

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**Fig. 1.1** Muslim majority countries: locations and Muslim percentage. Source: Al Qaydi, 2012; shows Sudan before the creation of South Sudan

**Table 1.1** People, income, inequality, and HDI in Muslim majority countries

Country	Total population	Percent Muslim population	GDP/capita PPP\$ HDR2010	HDI rank 2012	Gini index of inequality
Afghanistan	29,021,099	99	1,054	175	—
Algeria	34,373,426	97	7,740	93	36.5
Azerbaijan	8,680,100	93	7,851	82	36.5
Bahrain	775,585	65	29,723	48	—
Bangladesh	160,000,128	85	1,241	146	31.0
Brunei	392,280	67	50,200	30	—
Burkina Faso	15,233,884	50	1,124	183	39.6
Chad	10,913,667	53	1,477	184	39.8
Comoros	643,571	95	1,143	169	64.3
Djibouti	849,245	94	2,061	164	40.0
Egypt	81,527,172	93	5,349	112	32.1
Eritrea	4,926,877	51	626	181	—
Gambia	1,660,200	90	1,225	165	47.3
Guinea	9,833,055	92	1,140	178	—
Guinea-Bissau	1,575,446	52	477	176	35.5
Indonesia	227,345,082	88	3,712	121	39.4
Iran	71,956,322	98	10,955	76	38.3
Iraq	30,711,152	96	—	131	—
Jordan	5,812,000	93	4,901	100	37.7

(continued)

**Table 1.1** (continued)

Country	Total population	Percent Muslim population	GDP/capita PPP\$ HDR2010	HDI rank 2012	Gini index of inequality
Kazakhstan	15,674,000	57	10,863	69	32.9
Kuwait	2,728,041	95	47,812	54	–
Kyrgyzstan	5,277,900	75	2,006	125	32.9
Lebanon	4,193,758	60	10,109	72	–
Libya	6,294,181	97	14,364	64	–
Malaysia	27,014,337	60	13,518	64	37.9
Maldives	305,027	100	5,196	104	–
Mali	12,705,736	90	1,083	182	39.0
Mauritania	3,215,043	99	1,927	155	
Morocco	31,605,616	96	4,108	130	40.9
Niger	14,704,318	90	627	186	
Nigeria	151,212,254	50	1,969	153	43.9
Oman	2,785,361	99	22,816	84	–
Pakistan	166,111,487	97	2,496	146	31.2
Qatar	1,280,862	99	74,882	36	–
Saudi Arabia	24,807,000	100	22,935	57	–
Senegal	12,211,181	91	1,666	154	39.2
Sierra Leone	5,559,853	80	679	177	42.5
Somalia	8,926,326	99	–		–
Sudan	41,347,723	85	2,086	171	–
Syria	20,581,290	87	4,511	116	–
Tajikistan	6,836,083	90	1,753	125	33.6
Tunisia	10,327,800	99	7,520	94	40.8
Turkey	73,914,260	98	12,955	90	43.2
Turkmenistan	5,043,618	89	4,953	102	33.6
United Arab Emirates	4,484,935	95	54,626	41	–
Uzbekistan	27,313,700	88	2,425	114	36.7
Yemen	22,917,485	99	2,335	160	37.7

Source: Compiled from CIA, 2014; UNDP, 2010; UNDP, 2012

In the face of this reality there is a claim that due to Islam's related comprehensive guide human security is not likely to be an issue in MMCs. Islam promotes a proactive approach aimed at avoiding situation that inhibits human development because "[V]erily never will Allah change the condition of a people until they change it themselves" (al-Qur'an, 13:11<sup>3</sup>). The Qur'an provides directives in fulfilling poor and needy people's basic needs, and advises the well-to-do individuals to (accept

<sup>3</sup>The first figure in this reference refers to Chapter number in the Qur'an; the next one to the verse number. In subsequent references in this chapter only the digits are mentioned. Please note all verses of the Qur'an in this Chapter are taken from the English translation by Abdullah Yusuf Ali (1938).

poor people's Divine and social rights to their wealth and) give away a portion of the surplus wealth (see Chap. 3) to the needy (Nomani & Rahnema, 1995: 63). Thus the "Righteous" who will be rewarded with the Heaven are those who "lived a good life" and, among others, remembered in "their wealth and possessions" the "right of the [needy]" (51: 15–19). These dicta require human actions to establish the Divine right of the needy offering them security.

The focus of this book is philanthropy and the third sector in 47 MMCs in Africa and Asia. It is to document and analyze philanthropic behavior, functioning of the third sector, and performance of the third sector organizations including the *awqaf* (Muslim endowments, see Chap. 7) in ensuring human security in MMCs. The work is topical because many individuals, international agencies, and governments in the recent past have expressed concerns about unsocial (or unwanted) use of religious charity dollars by many Muslims. Philanthropy (i.e. monetary or material support targeted at eliminating social ills that cause personal sufferings) is more an Islamic concept than charity (i.e. monetary or material support targeted at eliminating personal sufferings) because purposeless charity is unacceptable in Islam (Ali, 1938). Further, though philanthropic or voluntary organizations are fairly recent creation in the "Western" world, Muslim endowments (*awqaf*), being first established in the seventh century CE, with all features of a TSO (e.g. formal, self-governing, nonprofit distributing, and voluntary), as precursors of modern foundations, have fulfilled social development purposes for hundreds of years within and outside Muslim communities (Benthall, 1999; Fay, 1997; Hoexter, 1998; Kuran, 2001). This thorough analysis of philanthropy and TSOs (e.g. history, structure, features, legal boundaries) vis-à-vis human security in MMCs (now and in the past) will spill futile purposive claims of wrongful use of philanthropy or formation of the third sector organizations (TSOs).

This introductory chapter, before introducing the chapters in this book, deals with the theoretical premises in general and in Islamic jurisprudence, in particular. The discussion begins with "social justice and human security in the Western and Islamic contexts." It highlights the *maslaha* (public benefit) approach of human actions that is likely to offer human security in MMCs. The second major part of the chapter identifies major historical antecedents of the third sector in MMCs that also may have been catalysts of ensuring human security in many occasions. This chapter at the end introduces the themes and other chapters of the book.

## 1.1 Human Rights and Human Security in the Western and Islamic Perspectives

The concept of "justice," as propounded by al-Farabi<sup>4</sup> primarily refers to the "equitable distribution of common goods and honors, consisting security, property, and social standing," and the human beings' "virtuous actions in relation to oth-

---

<sup>4</sup>Abu Nasor al-Farabi (870–950 CE), a Turkoman, regarded as "the first system-builder in the history of Arab-Islamic thought," is the author of, among others, of "Virtuous City" and "Civil Polity," see Fakhry, 2002.

ers”—irrespective of the type of virtues involved (Fakhry, 2002: 100). Social justice relates to the application of justice in the social context or adherence to virtuous acts in achieving social harmony through equity. Social justice-based concept of human rights encompasses relational justice (human relationships) and distributive justice<sup>5</sup> (cf. Barry, 1989).

In the modern Western concept of social justice, human relations get prominence and more attention. For example, the United Nations Universal Declaration of Human Rights 1948 (UDHR) emphasizes relational justice by encoding negative rights (rights that need not be created—only to be protected—and does require only the will and codification, no money), e.g. freedom of thought, conscience and religion; freedom of expression and opinion; or freedom from torture or cruelty, inhumane treatment or undue punishment. Distributive justice that can be achieved through the establishment of positive rights (i.e. rights to goods and services that need to be produced for distribution and have budgetary implications) like the rights to food, shelter, health, etc. received only passing remarks in the Declaration.<sup>6</sup>

There have been claims (cf. Sachs, 2005) that rich countries are facing difficulty in admitting a need for actions to ensure distributive justice, not to mention the difficulty in mobilizing resources for ending poverty. Many Muslims, however, believe that there are revealed directions for distributive justice in Islam. Ibn Khaldun (1332–1406 CE) suggests Prophet Muhammad (PBUH<sup>7</sup>), brought a complete social order based on the common good (Lambton, 1981) that ensures distributive justice. The Islamic concept of distributive justice suggests that needy people have a right in the wealth of rich people because everything belongs to God.<sup>8</sup> People are bestowed property by God, should be grateful, and help others in charity. The Qur'an does not approve wealth to “make a circuit between the wealthy among you” (59:7), and encourages the Believers to spend in charity in different forms. In Islamic ethics the right to private property has less importance “than the duty to ensure social justice” (Hanafi, 2002: 56, 67). Islam is socialistic in its approach in encouraging distribution of wealth but is opposed to Bolshevism (rejection of individual rights to property) (Nyang, 2002) and definitely does not call for redemption of property.<sup>9</sup>

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<sup>5</sup>Relational justice also extends to retributive justice (see Barry, 1989; Smith, 1994), but is not discussed here. For more see Hasan, 2007.

<sup>6</sup>Like everyone has the right to a standard of living adequate for the health and well-being for the self and the family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control (Article 25); Right to education (free, at least in the elementary and fundamental stages, and compulsory) (UN Universal Declaration of Human Rights, Article 26).

<sup>7</sup>God's blessings and peace be upon him (PBUH). Muslim readers are supposed to (and reminded of the obligation to) utter the blessings to the Prophet every time they come across his name.

<sup>8</sup>For a good discussion see the section on “Ownership” in Zaman, 2002: 81–85.

<sup>9</sup>Discussed in Zaman (2002: 85) based on the works of a prominent Muslim philosopher of the twentieth century, Muhammad Iqbal, *The Reconstruction of Religious Thought in Islam* (1986) especially Chap. 4.

The fundamental ethical principles of Islam approve of economic activity to increase wealth but not actions that are likely to endanger others' property, lives, or entitlement<sup>10</sup> corresponding to the universal code of ethics of freedom—the no-harm principle (“*la darar wa la dirar*”).<sup>11</sup> Each individual's right to property is legitimate as long as it does not undermine the equally valid right of others (Nomani & Rahnama, 1995: 66), and ensures mutual right or mutual economic freedom. Business and trade activities of the Muslims also need to be guided by the principles of distributive justice establishing an effective social support (security) system (*takaful*) in four areas of cooperation (Kamali, 1999), and to respect others (defined) rights.<sup>12</sup> These four areas of security are: *takaful* within the family (to provide food, health, clothing, housing, education, marriage support, or inheritance); *takaful* within the community (through the distribution of *zakat al-mal*); *takaful* among small groups and associations through cooperation; and *takaful* through general charities and endowments (Kamali, 1999: 191). Human security has been fundamental to the Islamic concept of distributive justice through individual or collective community (third sector) actions targeting common good.

### 1.1.1 Human Security

Human security or “safety for people from both violent and non-violent threats” emphasizes freedom from fear, but includes freedom from want (human development), and may “comprehensively cover all the menaces that threaten human survival, daily life and dignity” (King & Murray, 2002). Human security thus closely relates to social security which in a broader sense refers to the elimination of conditions detrimental to the survival, functioning, and sustainable progress of human being and the creation of conditions for the enjoyment of a “full life” with living conditions and amenities customary to the place a person belongs to (Townsend, 1979). Deprivation of these or “any basic capabilities” (King & Murray, 2002) like access to food, shelter, health, education, or work causes poverty, and threatens state security.

The absence of detailed guides on guaranteeing rights to food, health, shelter in the United Nations' Universal Declaration of Human Rights, 1948 (UDHR) was a source of major contention for decades between the low income and high income countries. In order to rectify the situation, the United Nations in 1986 enshrined the

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<sup>10</sup>The Qur'an authorizes traffic and trade “amongst you” by mutual good-will, but warns not to kill or destroy “yourselves” (4:29).

<sup>11</sup>No injury should be imposed nor an injury be inflicted as a penalty for another injury, see “*masalih*” in *The Encyclopedia of Islam*, New Edition, E.J. Brill, Leiden; NY, 1993.

<sup>12</sup>Islam even does not allow the spouse and/or the children exclusive right to any deceased estate, and requires (after the payment of legacies and debts) it to be divided among the children, spouse, parents, siblings, and other relatives based on a very specific formula determined by the Qur'an (4: 11–12; 4: 33; for more see Hasan, 2007, Chap. 5).

UN Declaration on the Right to Development to establish entitlement to participate in, contribute to, and enjoy economic, social, cultural and political development, and self-determination (Article 1). The 1986 UN Declaration on the Right to Development was not supported by most rich countries<sup>13</sup> because the underlying assumptions of the Declaration was deemed to be that the marginalized people all over the world will have to be given a share of the rich country resources, making it “explicitly political” (Nyamu-Musembi & Cornwall, 2004).

The rich countries’ selfish interests in protecting their economic ascendancy was revealed further when the detailed plan of actions related to the “Declaration on the Right to Development” aimed at distributive justice (by ensuring world food security, resolving the debt burden, eliminating trade barriers, promoting monetary stability, enhancing scientific and technical cooperation) was rejected by some rich OECD countries claiming the plan of action was an “imposition of one-sided obligation”.<sup>14</sup> The rejection of a call for distributive justice on the one hand, and the efforts of deceiving the poor people (and countries) with retributive justice (based on the negative rights) are clear reflection of the rich countries’ and their leaders’ moral bankruptcy. The situation, however, created some human security issues impacting state security.

The United Nations (UN), at the initial stage, defined “human security” to include “freedom from fear” (i.e. territorial security) as well as “freedom from want” (i.e. people’s security), but its practice tilted toward the former (UNDP, 1994). Global inactions perpetuated inter (and intra) country distributional injustices to marginalize societies creating discontents and uncertainty that hinder (human) development threatening national security as evidenced in income inequality data (Table 1.1). The UNDP, thus in 1994, proposed “all-encompassing concept of human security” (highlighting sustainable human development by considering “freedom from want”).

The “all-encompassing concept of human security” of the UN is to provide all individuals security in seven dimensions: economic, food, health, environmental, personal, community, and political (UNDP, 1994). This “human security” is likely to reinforce opportunities for human development, sustainable environment, food security, and healthy societies for addressing (or possibly averting) the sources of conflicts (UNDP, 2009; see Chap. 2).

The UN took another initiative in 2000 to expedite achievement of goals of development, in the form of UN Millennium Development Goals (signed by all 189 member countries) to halve extreme poverty, end hunger, reduce child and maternal mortality, and reverse the spread of diseases like malaria by 2015. To meet these

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<sup>13</sup> One hundred and forty-six countries (including only eight rich countries—Australia, Belgium, Canada, France, Italy, New Zealand, the Netherlands, and Norway) supported the resolution at the United Nations General Assembly. Eight OECD countries abstained (including Japan, Germany, UK), while the US voted against, see Nyamu-Musembi & Cornwall, 2004.

<sup>14</sup> The Declaration was favored by 133 countries and opposed by 11 OECD countries (including Canada, France, Italy, UK, US with one abstention—Australia) (Nyamu-Musembi & Cornwall, 2004).

**Table 1.2** Human security: foci and perspectives for the book

Security for	Security of				
	Food	Shelter	Health	Education	Work
All	✓	✓	✓	✓	✓
Gender vulnerable (Women)	✓	✓	✓	✓	✓
Age vulnerable (Children)	✓	✓	✓	✓	✓
Capability challenged (physical, vision, hearing, speech, mental)	✓	✓	✓	✓	✓
Environmentally challenged (refugees, internally displaced)	✓	✓	✓	✓	✓

goals the donor nations required to increase their aid budgets, if not fulfilling their promised 0.7 % to the ODA.<sup>15</sup> Estimates show that the amount of aid required by the poor countries to achieve the MDG targets is \$135 to \$195 billion per year for the period of 2005–2015 which is about 0.44–0.54 % of the rich-world GNI (Sachs, 2005: 299). The OECD countries in 2012 provided \$125.6 billion or 0.29 % of their combined GNI as official development assistance. Shortage of funds retarded achievements in the MDGs, as well as in human security.

There are still challenges in achieving human security for all. Nonetheless, any discussion on international development for human security from a “freedom from want” (i.e. people’s security) perspective needs to concentrate on food, shelter, health, education, and work highlighting issues related to individuals in gender vulnerable, age vulnerable, capability challenged, and environmentally challenged groups (Table 1.2). These requirements for improving living conditions thus become rights as opposed to just needs because “needs” can be met out of charitable intentions, but rights create legal obligations.

This book exclusively addresses issues of human security from a “freedom from want” (i.e. people’s security) (Table 1.2). The next section, however, highlights major aspects of human security in Islam.

### 1.1.2 *Islam, Maslaha, and Human Security*

The concept of *al-adl* (equilibrium or justice) requires human actions in economic and social relationships to be for “public benefit” (*masalih al-mursalah*).<sup>16</sup> *Maslaha* (plural *Masalih*) from *salah* (or *saluha*) means “utility” (opposite of injury, i.e.

<sup>15</sup> Actually, the UN Commission on International Development advised the high income countries to increase their annual foreign aid (also known as ODA or Overseas Development Assistance) level to 0.7 % of their GNP (Gross National Product) by 1975. The donors renewed the pledge at the 1992 Earth Summit, only to cut their aid budget in the next 5 years that dropped the lowest rate ever to 0.22 % of GNI (Gross National Income) in 1997 (UNDP, 2005: 84). So far only five OECD countries, Norway, Luxemburg, Denmark, Sweden, and the Netherlands have provided the pledged 0.7 % of GNI as ODA.

<sup>16</sup> See *The Encyclopaedia of Islam*, New Edition, E.J. Brill, Leiden; NY, 1993.

*madarra* or *mafsada*), refers to “welfare” and used to mean “general good” or “public benefit” (see Chap. 3). The concept of “*maslaha*” (public benefit) allows prohibiting or permitting actions for public interests in the matters not regulated by the Quran, *Sunnah* (pl. *sunan*; practices of Prophet Muhammad as compiled in the *Hadith* literature), or *qiyas* (analogy). The concept of *maslaha*, according to al-Ghazali,<sup>17</sup> requires the Believers to be involved in economic activities that create benefit, prevent harm, become harmonious to the objectives (*maqasid*) of the *shari’a*, and target protection of five essential values: the religion, human life, intellect (reason), lineage (offspring), and property (Tamadonfar, 2001: 213).<sup>18</sup>

The philosophical foundations of the Islamic approach to development and human security can be summarized as: *tawhid* (Unity of God that lays down the rules of human beings’ relationships to God and His creations), *rububiyya* (divine arrangements for nourishment, sustenance, and directing things toward their perfection), *khilafa* (human’s role as the vicegerent of God on earth), and *tazkiyah* (growth through purification; in all relationships with God, with the natural environment, and with society and state) (Ahmad, 2007: 240–241). The concept of *tawhid* (Unity of God) in Islam implies that human and natural resources are God given bounty (*niamah*) as a trust (*amanah*) to the mankind; human beings are thus answerable to God and should aim to perform every action as worship (*ibadah*) by seeking God’s pleasure. Thus community and environment-friendly social actions of individuals as well as the communities are essential to Islamic principles. Hence the Qur’an (51:56) proclaims—human beings are created only for *ibadah* (to seek God’s pleasure). Every human action may qualify as worship, and no task is too simple to be qualified as worship (*idadah*) as long as the intention behind the action is to please God (Smith, 2002).

All activities related to “economy” (production, distribution, and consumption of goods and services) thus are likely to focus on people and to the enlargement of people’s choices to please God. Creation of these choices in Islam is limited by the good of the community (Ali, 1938, note 510; Naqvi, 1981: 87). God has granted human beings trusteeship (no freehold title) of, and capability (knowledge and skills) to use natural resources (22:65). The concept of God’s ownership liberates human minds from the false sense of dominion over the resources. Thus human beings need to harmonize their relationship with the nature as well as with fellow human beings (in relation to resource use) to protect the community’s interests. Community’s interests can be better secured if the individuals perform their respective duties in accordance with the framework of the “equilibrium” (*al-adl*) outlined in Islam (Uddin, 2003). Thus human security leading to human development in Islam is a matter of right authorized by the basic ethical principles.

<sup>17</sup>The most prominent scholar of medieval period, Abu Hamid Muhammad ibn Muhammad al-Ghazali (c. 1058–1111 CE), a Persian descent, who brought orthodox Islamic concepts and Sufism (Islamic mysticism) closer.

<sup>18</sup>According to modern scholars, these five “essential” objectives of Islamic law were established by Imam al-Ghazali of the Sunni Shafi’i School, and were adopted later by classical scholars of the Maliki and Hanafi Schools of Islamic *madhhab* or schools (Abdelhady, 2012).



Islamic economic system provides individuals (or businesses) a unique tool, *zakat al-mal* (commonly known as *zakat*—charity for wealth) for institutionalizing the rights of the needy. The doctrine of *zakat* introduced the first system of social security (Benthall, 1999; see Chap. 3), and promoted spending of wealth for “self-purification” (92: 18) to increase the giver’s dignity and position in the moral and spiritual world (Ali, 1938, note 6172), and the recipient’s security from injury or poverty. The Islamic concept of charity in a wider sense includes all help, “from one better endowed to one less endowed,”<sup>19</sup> and can be fundamental in establishing human security. TSOs in MMCs have worked for decades to undertake some human security responsibilities. In order to place the book in context, the next section analyses briefly the fundamental sources of philanthropy-based third sector development in MMCs that have contributed to human security for ages.

## 1.2 Historical Antecedents of TSOs in MMCs

The third sector is the major vehicle for operationalizing philanthropy (Hasan, 1991). Public goods or service delivery groups or organizations not a part of the market (the first sector) or the government (the second sector) can be identified as the third sector. Many other terms are used to refer to these organizations, most of which has a “negative” or “gap filling” connotation such as “civil society organization” (used from a political or state failure perspective), “nonprofit or nonprofit organization” (business perspective referring to market failure in providing essential goods or services to the lower end of society), NGO (development perspective; denoting governments’ failure in ensuring development). The term “third sector,” on the other hand, has a positive “right establishing” or “service entrepreneurial” outlook with public policy (management) perspective that promotes “social capital.” Thus the term “third sector” is used in this book to refer to the organized or unorganized groups of people involved in the creation of public goods (e.g. expanding choices, promoting and protecting interests) collectively without expecting any direct benefit. (But other terms appearing in the literature used in this work are not changed.)

“Third sector organizations (TSOs),” the organized manifestation of the third sector, however, have different antecedents in different culture or polity. In the Islamic concept of human relationships, human beings cannot exist except through social organizations; and thus cooperation is essential for the survival of human society.<sup>20</sup> The importance of “collective organization” in Islam is demonstrated in the Islamic principles of fraternity, peace, liberty, social justice, happiness (“manifest error in the appreciation of the reality of abstinence”), family, work and profit, knowledge, organization and determination of duties, and piety (Al-Banna, 2007:

<sup>19</sup> For more see Ali, 1938, note 5001 (explanation of the verse 51:19); also notes 179, 322, and 323.

<sup>20</sup> People with power (economic or political) should not ignore other human beings’ interests; if they do, coercion may be used (Baali, 1988).

63). Muslim communities for hundreds of years have organized and got benefits from different types of third sector organizations.

The “social origin theory” for understanding growth of TSOs suggested by Salamon and Anheier (1996c) is reinforced in a later work on the “developing countries” (Salamon & Anheier, 1997) with four models, each characterized by a particular constellation of social force of third sector development. First, a statist model characterized by limited State activity and a weak nonprofit sector; second, a liberal model characterized by limited State activity but a strong nonprofit sector; third, a social democratic model characterized by expanded State involvement in social welfare activity and limited nonprofit involvement; and fourth, a corporatist or partnership model in which both the State and the nonprofit sector are actively involved in societal problem-solving, often in cooperation with each other (Salamon & Anheier, 1997). Religious zeal combined with factors like economy, culture, struggle with the colonial power and for independence may also have shaped TSOs in MMCs in Africa and Asia. This section provides an overview of third sector development in MMCs to show how their growth and existence is tied to certain human security issues.

### 1.2.1 *Economic Necessity*

Land had been collectively owned and tilled in Asian communities for hundreds of years. Abundant agriculture products created by-products, processing opportunities, disposable surplus, and a market for non-agricultural products. Producers, for example in south Asia who were not dependent on land, even in ancient times, used to create guilds (*sreni*) embracing all trades and industries (Basham, 1967: 219). Eighteen very important crafts had their own guilds presided over by a foreman (*pramukh*), an elder (*jiyeshthaka*) or a chief (*sreshtin*) (Majumdar et al., 1967: 75–76). The guilds united both the craftsmen’s co-operatives and workmen of a given trade into a single corporate body, and had economic and social control over the members recognized by the state. The guilds used to work as insurance against members’ sickness, act as guardians of the members’ widows/orphans, and as banks accepting deposits or lending money (Basham, 1967; Majumdar et al., 1967). People involved in the guilds used to volunteer many hours of their times to help others.

These traditional TSOs, in the form of guilds of the village communities, urban areas, and of widespread commerce survived political reforms for years in spite of the absence of state guidance and support until a strong central government was formed in South Asia by the Muslim rulers in the sixteenth century CE (Majumdar et al., 1967: 75–76). The system confirms existence of a “liberal model” of “social origin” of the third sector in South Asia.

In other regions, for example, Ottoman Turkey, there were *akhi* (meaning “my brother”) lodges organized mainly by craftsman, artisans, and tradesmen into strong networks that adhered to ethical work codes with intentions to organize craft-based

brotherhoods, or guilds, in which members adhered to values of generosity, honesty, and loyalty. In case of violation of ethical codes, an *akhi* guild could dismiss a person from the profession (Aktay & Topcuoglu, 2007). In some sedentary Arab society, e.g. in the Levant, defense of professional territory and interests were institutionalized by the guilds (*Tai'fa*). Some guilds united an entire professional group; others a segment of a trade. For example, 157 guilds were in existence in Aleppo (present-day Syria) in the mid-eighteenth century—each one with its own *sheikh* (senior/chief). Most guilds used to regulate competition by restricting number of enterprises for the trade concerned<sup>21</sup> (Marcus, 1989: 161). Respected traditional office of the *muhtasib* (market place inspector of the early days of Islam) disappeared in Aleppo before the eighteenth century CE most likely because “its functions had passed entirely to the guilds” (Marcus, 1989: 173). The guilds also used to function as a self-regulating body often imposing production limits on individual enterprises or to control competition by regulating the members’ access to raw materials and work orders (Marcus, 1989: 165). Although not instruments of the government, the guilds did submit to various forms of official oversight limiting their own power. The guild *sheikhs*, nominated by the members and confirmed by the local *qadi* (judge) used to be responsible to the government for internal discipline, but could expel no member without the court’s approval (Marcus, 1989: 173). Thus the system was a great early example of the “corporatist or partnership” model suggested by Salamon and Anheier (1997).

On the other hand, in the resource-constrained areas of West Asia and Africa pasture and water were accessible by wandering nomads and became private property of the stronger tribes. In these areas people for centuries, travelling for better pasture or water, needed and created self-supporting social re-enforcement because of the absence of strong or resource-rich (central) government. Due to resource-poor or weak governments in both cases (in the sedentary society of South Asia, Southeast Asia, and the Levant, and in the nomadic society of Africa and West Asia) people had to organize themselves; only difference is it was community- or trade-based in the former, and tribe-based in the latter; but both are example of “a statist model” discussed in Salamon and Anheier (1997).

### ***1.2.2 Social Requirement or Religious Obligation Creating Political Influence***

Human beings by nature are social beings and cannot grow to their full potential in isolation (cf. Ibn Khaldun). The opportunity of living in society does bring some benefits, and creates some responsibility. Belonging to a particular group

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<sup>21</sup> Though there was emphasis on professional specialization, most guilds fell into one of the three areas of production and trade: food, textiles, and construction. The silk spinners who worked in one large workshop made up one guild, while their colleagues in shops throughout Aleppo formed another (Marcus, 1989: 157–159).

predisposes one toward altruism (Monroe, 1996: 8). In the present MMCs of Sub-Saharan Africa and Asia people embraced Islam before the rulers converted to Islam, or Muslims conquered the areas, and so newly converted common people had to struggle against different social disadvantages. Governments, with limited resources and scope for offering public goods, indirectly encouraged “social beings” to become (or remain) involved in community and voluntary activities.

Further, Muslim conquerors retained institutions and administrative practices of each community, merely replacing the leaders and key officials, as appropriate, as a strategic need of making Islam less intrusive and more attractive (Gladden, 1988; also see Hourani, 2005; Kennedy, 2007). Mutual help (financial and emotional) became a social necessity among the people and a source of third sector growth.<sup>22</sup> Ethnic identity in many African and West Asian countries superimposes on religious divisions—the former being non-voluntary; the latter often by choice. Thus religion is intermixed in ethnic groups to create a reason for co-existence and cooperation (cf. Nishimuko, 2009) suggesting a possible “social solidarity” model of the “social origin” theory.

An early important “civil society” group, which began in Abbasid (750–1258 CE) Baghdad and Basra to spread throughout the Islamic world, was the *Hadith* folk movement. Led by *ulema* (also spelled *ulama*; singular *alim*, a scholar/learned person) it espoused a relatively populist discourse that insisted on social justice issues by relying on the teachings of the Prophet to call for just governance, equality, and freedom of action.<sup>23</sup> The *ulema* or other civil groups in Muslim society worked like a civil leadership of the society, often in collaboration with Sufi *sheikhs* (senior scholars) to restrict the exercise of state power (Aktay & Topcuoglu, 2007).

There were *akhi* (meaning “my brother”) lodges organized mainly by craftsmen, artisans, and tradesmen into strong networks. Acceptance in any profession was achieved only by proving one’s moral and ethical qualities, as well as expertise, through membership in an *akhi* guild. These guilds set strong regulations for the various crafts and professions, rules that were intended to prevent relentless competition and promote sharing and solidarity in the production and the market. In case of violation of ethical rules, an *akhi* guild could dismiss a person from the profession (Aktay & Topcuoglu, 2007). Medieval Muslim society was essentially corporate, where urban Muslims had powers to organize themselves, maintain their communal existence in the face of political power through religious sanctions (Hourani, 1970) to limit the ruler’s power.

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<sup>22</sup> This contention does not or cannot undermine the fact that early Christian missionaries created and offered services such as health, education, and water supply and became sources of third sector development even in the present MMCs in Africa and Asia (see Hasan, 1991, 2001).

<sup>23</sup> This movement, as well as other religious orders and movements, functioned as a strong channel for popular opposition to the power of the central state while also providing ideology and personnel to work on the state’s behalf when the government and civil society were in accord (Discussed in Aktay, & Topcuoglu, 2007 from Marshall Hodgson, *The Venture of Islam*).

### 1.2.3 *Counter-Exploitative Instruments*

European colonization increased needs for community organizations and mutual social support systems in MMCs in Africa and Asia. People organized themselves in local groups to enhance their ability in fighting exploitative colonial (and post-colonial) system and natural calamities (Hasan, 1991). The Societies Registration Act of 1860 in British India, the Dutch Statute Book of 1870, or the Ottoman Law on Associations (1909) are evidences of existence of TSOs during the nineteenth century CE in many areas now forming MMCs (see Chap. 4).

In many parts of the world struggle for independence reinforced nationalism that continued in decolonized Algeria, Bangladesh, Indonesia, Malaysia, Pakistan, or Tunisia. Incidentally the struggle for independence coincided with the post-World War II “emergence of a sizable new urban middle class resulted from the recent economic growth” (Salamon & Anheier, 1997). The reality of the post-colonial era disillusioned a large number of people because of unemployment, no access to sources of power, and low access to resources or economic benefits strengthened group cohesion.

Post-colonial governments’ failure to respond to people’s needs inspired many people to organize themselves to explore alternative methods for fulfilling their high hopes and aspirations. The inspiration was bolstered by political, military, and bureaucratic alliances (as in Bangladesh, Indonesia, Nigeria, or Pakistan) that restricted citizens’ access to public goods and services deemed a matter of privilege or persuasion (political or material) and not of right. In many instances people in rural areas became members of TSOs to receive, for example, agricultural support without difficulty or offering (monetary or other) favors to the public officials (Hasan, 1991). Socially conscious young people found it difficult to become a part of the political process or “voice” in alleviating disadvantaged people’s miseries. These unhappy young people deemed TSOs to be an appropriate platform to fulfill their “objectives.” In some other countries military intervention in politics, and the “cold war funds” for rural development trickled down to the private sector crowded with politically conscious young people to stimulate the third sector.

As suggested in the partnership theory (Salamon & Anheier, 1997), the State and the nonprofit sector both are responses to the same set of social pressures for expanded public goods, and have unique attributes that the other lacks—the ability to generate resources by the former and the ability to deliver services at the local level by the latter. Far from operating in conflict, these two sectors worked hand-in-hand to grow in parallel, and even in cooperation with each other (Salamon & Anheier, 1997).

Many post-colonial governments in MMCs provided tacit supports in the expansion of the third sector mainly for economic and political reasons. TSOs became a vehicle of low-cost essential service (e.g. education, health) delivery in low-access areas where the governments could not be present. Second, the third sector diverted a large number of educated and conscious young individuals from getting involved in political agitation out of frustration. Many authoritarian governments saw TSOs

as an instrument of neutralizing political activism and worthy of support to counter the organized or unorganized (political) oppositions. TSOs in MMCs seem to have similar past. The proactive TSOs following the principles of philanthropy and mutual help, due to the expansion of state power, may have become reactive and, in the process, lost its previous human security roles; how has it transformed, to what extent or impacts? This book, in the next few chapters, endeavors to deal with the question.

## 1.3 Chapters in the Book

### 1.3.1 *Part I: The Introduction and Theoretical Framework*

The concept of “human security” entered academic and public policy debates in the early 1990s, and includes seven dimensions of individual security: economic, food, health, environmental, personal, community, and political. Such an all-encompassing concept is likely to reinforce opportunities for human development, sustainable environment, food security, and healthy societies by eliminating sources of conflicts, to improve human security. Chapter 2 adopts this holistic definition of human security hinged on “freedom from want” and highlights important aspects related to food security, shelter, health, education, and work. It deals with the fundamental components, historical evolution, and conceptual formation of each of the requirements and examines the dimensions from an Islamic perspective to highlight some pertinent issues. This chapter concludes that there is no conflict between Islam and the concept of human security, and argues that the alliance of civilizations has converged to promote human security with remedies to humanitarian crises. Human security closely relating to social security, in a broader sense refers to the elimination of conditions detrimental to the survival, functioning, and progress of human beings. The next chapter takes the discussion further analyzing the ethical and philosophical foundations of human relationships in Islam and their subsequent connections to philanthropy in Islam.

Chapter 3 is to comprehend and highlight essential aspects of philanthropy in Islam that are likely to benefit human security emphasizing the ethical principles of property and human relationships in Islam. The first section (“Islamic ethical principles influencing human relationships or *muamalat*”) deals with the Islamic ethical principles of “public benefit” (*masalih*). The second section (property and economic relationships in Islam) has three sub-sections dealing with “private property and public interests in Islam,” “principles and conditions of profit making in Islam,” and “property, gift and inheritance.” The following section (“philanthropy in Islam”), in four sub-sections, deals with the fundamentals and essential features of obligatory regular charity as codified in Islam. The chapter reveals that Islam promotes purposive strategic philanthropy that may ensure human security even in the modern world. Nonetheless, it concludes that the principles and instruments of human

security as propounded in Islam have varied interpretations and manifestations resulting from flexibility in Islamic jurisprudence, thus Muslim philanthropy and its human security roles in MMCs are influenced by “cultural phenomenon” and likely to be different across MMCs.

### ***1.3.2 Part II: Philanthropy and the Third Sector in MMCs: Policy, Legal Framework, and Challenges***

Islam promotes philanthropy and its human security roles. The question, however, is why and how have the legal system in each MMCs developed for philanthropy and third sector organizations. Chapter 4 comparatively surveys the laws, legal environments and government policies in relation to philanthropy and the third sector organizations in 47 MMCs in Africa and Asia. Since European colonization significantly influenced political, legal, and administrative systems in Africa and Asia (Hasan, 2012b), the chapter is divided into three major sections according to MMC colonial relationships. The first section includes countries with British colonial past, the second includes countries that had non-British European colonization such as Dutch, French, and Portuguese. The third section examines countries that were never subjected to direct European colonization. Each section addresses primarily three aspects: legal features and systems of TSOs; regulatory mechanisms that guide functional, financial, and governmental relationships of TSOs; and financial tools influencing growth and activities of the TSOs.

The concluding section of Chap. 4 endeavors to analyze relationships between the third sector legal environments with possible influencing factors such as economic status, colonial heritage, legal systems, political power structures, and social systems of each country. The chapter concludes that openness in political systems has not and is likely not to “ease” third sector legal environments in countries with “closed” social systems. Superficial changes in the superstructure through “free and fair” elections following “no-grassroots” mass social mobilization cannot be and are proven not to be a panacea for weak third sector. It seems if civil society fails in creating public or community preferences, elected governments in MMCs, as recently witnessed, will endeavor to use the legal system to constrict the third sector, not to be outshined or challenged by the latter in the provision of human security. Thus the next part deals with the reality of philanthropy and third sector in MMCs.

### ***1.3.3 Part III: Muslim Philanthropy and Human Security in MMCs: Situational Analyses***

Human security issues like education impinges responsibility of having good health. The saying of the Prophet of Islam that there is no gift better than good health underscores the importance of health, and thus Islam requires the individuals to “pay attention to their own health” which ultimately influence public health, thus



religious dicta effects health by providing guidance about nutrition and hygiene. In the Islamic human security context, education, health, and *ibada* are inter-twined to be the beneficiary of Muslim philanthropic acts. The questions, however, are when, where, why, and by whom philanthropic activities, and/or cooperative programs in the area did begin; what are the reasons for giving; what role does religion play in forming the people's attitude toward philanthropy; have colonization, independence, changes in the government, or pauperization (due to economic, political, or social factors) influenced the patterns of giving and volunteering in MMCs)? This part is to focus on formal philanthropy (i.e. where people do not know the beneficiary) as well as on people's offering of cash, goods, and time for services to extended family, neighbors, and community.

Chapter 5 is to analyze the features, factors, growth, and outcome of philanthropy in all 47 Muslim majority countries (MMCs) in Africa and Asia. It defines the characters and management issues related to philanthropy and its relationship to human security. The major sections of the chapter deals with obligatory charitable giving (*zakat al-mal*) divided into two sections: one deals with MMCs that have made mandatory provisions of *zakat* management; and the other section deals with MMCs that have institutionalized the functions of collection and distribution of such giving without any mandatory provision. The chapter concludes that military governments in many MMCs reformed administration of philanthropy except where powerful tribal groups and their (internal conflicts or at least) competition influenced economic and social relationships. Tribal system was also dominant in eight MMCs institutionalizing a *zakat* system, but in all these MMCs either only one tribe has been the most powerful running the hereditary system (e.g. Bahrain, Saudi Arabia, and the UAE) or the government had been authoritarian (e.g. Libya, Sudan, Yemen).

The chapter, at the end, analyses the reasons creating differences in the features and human security impacts of philanthropy in MMCs. It concludes that due to the absence of a unified and central body of Muslim jurists (in Sunni Muslim countries), the legitimacy of *urf* (norms), *adat* (customary laws) as the sources of Islamic jurisprudence, the character of the state, the state's relationship to the *ulema*, or local traditional power structure philanthropy has developed differently in different MMCs. It seems that a reformed system of managing *zakat* may improve the extent and outcome of philanthropy, but is subjected to local power structure in a weak state—a characteristic of most MMCs. It is evident from the analyses that uniformity of the above characters is unlikely so is the human security outcomes of philanthropy in MMCs.

### **1.3.4 Part IV: Third Sector Organizations and Human Security in MMCs: Extent, and Dimensions**

This part is to highlight historical development of the third sector organizations (TSOs), and their major fields of activity (including type, features, funding sources, etc.) to show how the TSOs have evolved and expanded to deal with human security.



It also specifically highlights the modern microfinance institutions and their human security roles. Thus the part is divided into three chapters dealing with one set of phenomena in MMCs, instead of dealing with all related phenomena in one chapter for a geographic region.

Chapter 6 endeavors to analyze features, extent, and performance of TSOs in MMCs and the factors responsible for better growth and performance of TSOs in some focusing on the character, size, types, fields of activity, and functions of the philanthropic organizations, and the factors influencing the character, book, and functioning of the philanthropic organizations. This chapter deals with all three types of modern TSOs based on people (e.g. association, society), property (e.g. funds; foundations, trusts), and mutuality (e.g. mutual groups or cooperatives); as well as other exceptional forms of TSO, as appropriate (except for *waqf* discussed in Chap. 7). It also deals with the factors like the character, size, and functions of the philanthropic organizations (e.g. How many different types of organizations are active in MMCs? What, how, has influenced the book and functioning character of the philanthropic organizations? In which field of activities are the TSOs involved most? How much the human security has been a functional target?)

The chapter shows that TSOs have grown in many MMCs, by default, to absorb conscious and frustrated young people providing them opportunity of performing socially meaningful works to achieve high self-esteem, to enjoy military governments' authorization targeted at neutralizing political activism, to utilize domestic or foreign ("foreign social security investment" or FSSI as opposed to FDI or "foreign direct investment") funds to perform many roles to stabilize societies enhancing human security. The TSOs in different MMCs have different structure, operational systems, activity orientation, support and relationship patterns, and governance and management approaches, but are poor in creating membership organizations.

The chapter analyses TSO density to argue that the situation in MMCs will improve not with high TSO density, but with higher density of membership organizations practicing essential organizational norms like accountability, competition, mutual respect, tolerance, and transparency in public affairs. Unfortunately election only "democracies" tend to damage the status or achievements of the TSOs gained under authoritarian rules if the TSOs are not self-regulating or membership-based. Membership-based TSOs cannot be superimposed in the social structure, the social system need to open up to gradually adapt to the changing world to promote strong and effective third sector to work for the provision of human security.

Modern TSOs may not, but *awqaf* have historical existence in MMCs. Chapter 7 provides a critical overview of *awqaf* (Muslim endowments) and their social security supporting activities emphasizing on factors like the status of the *waqf* (in the law, society, and in the provision of social security). How all these have changed over the years? Why, for what impact? This chapter also deals with types and processes of social security providing activities the *awqaf* (including the cash *awqaf*) have been involved in. The first section of the chapter provides an overview of *awqaf* in Muslim communities (including the concepts and features; the characteristics and classification; and the legal framework and management of *awqaf*); and the second

section deals with *waqf* and human security. This section concludes that the *waqf* has legal sanction, and a long tradition of offering human security services in the field of education, health, urban utilities, but due to misappropriation (primarily by certain private *awqaf*) and mismanagement (primarily because of the traditional *mutawalli* primacy in the management) *awqaf* have lost the glorious past of offering many human security services.

The chapter concludes that there are *waqf* laws to promote a comprehensive role of the *awqaf* in the service of all aspects of human security. It opines that the MMC governments also must sincerely implement the laws, offer facilitative functions to make *awqaf* efficient in offering services for human security, and introduce better consciousness raising programs to enhance people's surveillance against misuse of *awqaf* estates attracting volunteers to support *awqaf* in the provision of important service delivery.

Financing has been a major issue of the third sector organizations as well as the prospective beneficiaries of such organizations and actions. Traditional organizations like *awqaf* or modern associations or foundations are involved in delivering a new product, microfinance, claiming to have much human security impacts. Microfinance institutions, reaching a significant portion of the world's poor, creates extensive reserves of social capital and constructs vast avenues for community engagement being instrumental in the pursuit of the Millennium Development Goals. Chapter 8 thus situates microfinance in the human security paradigm in an effort to explore the transformative capacity of the movement that may be a significant source of social and economic change. The chapter focuses on microfinance interventions in the provision of work, health, food security, education, women empowerment, and shelter in MMCs. It notes that complementing microfinance with non-financial services can address many persistent and myriad problems of poverty in MMCs. This chapter concludes that if the MFIs, in MMCs or elsewhere, relies solely on microfinance to alleviate poverty, it will certainly keep the industry alive but do little to change the endemic poverty or ensuring human security in most of the world. Thus the work argues that situating microfinance within the human security paradigm would alter the discourse on the industry to inspire broader goals and aims, create a series of best practices, include social indicators for impact evaluation and foster links and partnerships across different sectors and regions.

### 1.3.5 Part V: Human Security in MMCs: Situational Analyses

The pertinent question at this stage for our work, in the face of impressive philanthropic and third sector engagement, is what is the human security situation in MMCs as identified in the frame (Table 1.2)? During the research, analyses and presentations, it was realized that ready reference of human security situation in the targeted countries should be a part of the "outline." Noteworthy, though the "frame" includes five dimensions (food, shelter, health, education, and work), data on shelter were not available for undertaking any worthy discussion. Further, being subjected

to seasonal, regional, and family variation in quantity or quality, the available per capita food availability data may not mean much in terms of food security. It is also now widely acknowledged that low food availability or even famine occurs mostly in countries specializing in food production (see Hasan, 2012c) resulting from “distribution” failure (Sen, 1981), not from shortage of arable land or food. As such though total arable land in 12 MMCs<sup>24</sup> is <2 % of the total area, because of high buying power, most import significant quantity of food (e.g. Kuwait and UAE imports as much as 1.3 ton and 1.691 ton per capita annually, respectively), and may/do not have food crisis (Table 1.3). The data also reveal that only Djibouti, with a lower percentage of arable land, has higher percentage of undernourished people (20 %); while some MMCs with much higher percentage of arable land have comparatively much higher percentage of undernourished people. For example, with 58.6 %, 70 %, 44.5 %, and 26.9 % arable land Bangladesh, Comoros, the Gambia, and Pakistan have 17 %, 70 %, 14 %, and 20 % people, respectively, categorized as undernourished. Thus discussions in this Section of the book do not include food, either. On the other hand, in the process of the research and analyses, it was observed that water is fundamental to human security and deserved special treatment in this book. Also since health and education are interconnected, the discussions on both are merged into one chapter. Four “cases” of human security (water; health and education; and work) in MMCs are discussed in three chapters. These three chapters provide important critical understanding of human security in MMCs, and their connections to extensive philanthropic and third sector activities, in some.

Chapter 9 deals with the features of water resources, general challenges of improved water and sanitation in MMCs, and highlights the likely global impact of climate change, increasing pollution and population growth, on water security. This chapter analyses important factors of water security in four main sections: water security, water resources, water use, and the challenges beyond scarcity. The largest section, water resources, is divided along geographic regions and highlights main water resources issues as appropriate to different regions. The section on “water use” and “sanitation” highlights the major aspects of access to and use of improved water and sanitation facilities in the 47 MMCs, the focus of this book. The next section, the challenges, analyses the issues under two headings: “water economy and security threats,” and “water management” (dealing with wastewater management, groundwater contamination, and salinization). The last section (“Hygiene, Water, Gender, and the Third Sector”) deals with a major human security challenge and success stories in MMCs. It shows that access to improved water and sanitation through the voluntary sector interventions are transforming women and girls in MMCs from water-carrier to active and healthy citizens with education and employment ensuring human security for all. Human security cannot be achieved without freeing women and girls from “water-chains” which is only possible with the help

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<sup>24</sup> Bahrain, Brunei, Djibouti, Jordan, Kuwait, Libya, Mauritania, Oman, Qatar, Saudi Arabia, Somalia, and the UAE.

**Table 1.3** Factors related to food security in MMCs

Country	Region	Population (2012)	GDP/capita PPP\$ HDI2010	Arable land % of land	Cereal yield kg/ha	Total food import '000' tons	Per capita food import ton	Prevalence undernourished % population
Afghanistan	1	29,824,536	1,054	11.9	1,660			
Algeria	4	38,481,705	7,740	3.2	1,442	9998	0.259	5
Azerbaijan	2	9,297,507	7,851	22.8	2,485			5
Bahrain	3	1,317,827	29,723	1.8				
Bangladesh	1	154,695,368	1,241	58.6	4,185	7,243	0.046	17
Brunei	1	412,238	50,200	0.6	591			5
Burkina Faso	5	16,460,141	1,124	20.8	995			26
Chad	5	12,448,175	1,477	3.9	772			33
Comoros	5	717,503	1,143	44.1	1,411			70
Djibouti	4	859,652	2,061	0.1	2,000			20
Egypt	4	80,721,874	5,349	2.9	7,247	15,666	0.194	5
Eritrea	4	6,130,922	626	6.8	578			65
Gambia	5	1,791,225	1,225	44.5	869			14
Guinea	5	11,451,273	1,140	11.6	1,482			17
Guinea Bissau	5	1,663,558	477	10.7	1,489			9
Indonesia	1	246,864,191	3,712	13	4,886	15,828	0.064	9
Iran	3	76,424,443	10,955	10.8	2,177	12,442	0.162	5
Iraq	3	32,578,209	–	9.2	1,798			
Jordan	4	6,318,000	4,901	2	811	3,333	0.527	5
Kazakhstan	2	16,797,459	10,863	8.9	1,688	4,165	0.247	5
Kuwait	3	3,250,496	47,812	0.6	8,648	3,676	1.130	5
Kyrgyzstan	2	5,582,100	2,006	6.7	2,603			6
Lebanon	3	4,424,888	10,109	10.9	3,182	3,229	0.729	5

(continued)

**Table 1.3** (continued)

Country	Region	Population (2012)	GDP/capita PPP\$ HDI2010	Arable land % of land	Cereal yield kg/ha	Total food import '000' tons	Per capita food import ton	Prevalence undernourished % population
Libya	4	6,154,623	14,364	1	754			5
Malaysia	1	29,239,927	13,518	5.5	3,920	16,523	0.565	5
Maldives	1	338,442	5,196	10	2,507			6
Mali	5	14,853,572	1,083	5.6	996			8
Mauritania	5	3,796,141	1,927	0.4	1,395			9
Morocco	4	32,521,143	4,108	17.8	1,614	5,581	0.171	6
Niger	5	17,157,042	627	11.8	379			13
Nigeria	5	168,833,776	1,969	39.5	1,333	5,228	0.030	9
Oman	3	3,314,001	22,816	0.1	10,269	2,913	0.878	
Pakistan	1	179,160,111	2,496	26.9	2,946	4,846	0.027	20
Qatar	3	2,050,514	74,882	1.2	6,050			
Saudi Arabia	3	28,287,855	22,935	1.4	5,343	18,600	0.657	5
Senegal	5	13,726,021	1,666	20	966	1,554	0.113	21
Sierra Leone	5	5,978,727	679	15.4	1,677			29
Somalia	5	10,195,134	–	1.8	489			
Sudan	5	37,195,349	2,086	7.2	564	2,430	0.065	39
Syria	3	22,399,254	4,511	25.1	1,679	1,536	0.068	5
Tajikistan	2	8,008,990	1,753	6.1	2,519			32
Tunisia	4	10,777,500	7,520	18.3	1,712	2,986	0.277	5
Turkey	3	73,997,128	12,955	26.7	2,958	10,420	0.140	5
Turkmenistan	2	5,172,931	4,953	4	2,024			5
UAE	3	9,205,651	54,626	0.6	73,325	15,572	1.691	5
Uzbekistan	2	29,776,850	2,425	10.1	4,771			6
Yemen	3	23,852,409	2,335	2.2	1,022	4,114	0.172	32

Source: Compiled from UNDP, 2013; World Bank, 2014; FAO, 2014

of the third sector because the government services do not cover all areas, especially the remote areas in the low income countries.

Water is more important to the Muslims because of its significance in achieving ritual purity before five daily prayers. For the same reason, Islamic tenets provide guidance for healthy living and basic hygiene. Further, since Islam does not allow priesthood or mediation between the Followers and the Creator, or recognize any priestly mediation between the Believers and God, every Muslim need to learn specific texts for the profession of Faith, few phrases to pronounce intention of prayers, and few verses from the Qur'an to perform *ibadah* (everyday prayers, fasting, *hajj*). Thus learning is a fundamental part of the Religion, even for the letter-free people, without good health which will be useless, anyway. Chapter 10 analyses achievements of and gaps in different education and health-related indicators in 47 MMCs in Africa and Asia. It uses four cases (Bangladesh and Indonesia; and Niger and Senegal) to show differences in performances in the education and health sectors commensurate with that of the third sector, in the respective MMCs. The discussions, judging by certain selected criteria, show that the first two MMCs have done very well in education and health, the last two the opposite. It concludes that better performance in education and health sectors in Bangladesh and Indonesia, with the highest density of TSOs and best third sector capability measure is revealing, and demands further analyses.

Work for human security is closely related to the economic security component of human security, and is the focus of Chap. 11. Two widely cited examples of threat to economic security are persistent poverty and unemployment. Nonetheless, these two measures are always problematic because simply escaping poverty and being employed do not necessarily make people economically secure. This is because the problems are related to how these two measures are operationalized. Thus the chapter is built upon a premise that work for human security would be best viewed from the International Labor Organization's (ILO) decent work perspective. In most MMCs, like in many other low income countries in Africa and Asia, availability of work simply cannot be treated as a step toward human security because in a poor society, in most cases, people cannot afford to be unemployed. These are not decent and far from fulfilling the idea of "freedom from want." The chapter shows that the provision of social security (a *fard kifayah*) might have been provided through informal and voluntary channels such as *zakat* and *sadaqa*, but has not been widely institutionalized in a comprehensive statutory provision of social security in MMCs. Out of 47 MMCs, only six have comprehensive statutory provision of social security, none of which are from rich MMCs blessed with abundant natural resources. The situation is likely to create enormous opportunities for the third sector to offer services to fill the potential human security gaps; how the third sector has contributed to the situation? This discussion and contention thus rationally leads to the next part to comprehend and analyze the scope and practice of philanthropy and human security in MMCs.

### 1.3.6 Part VI: Conclusion and Recommendations

Islam offers detailed guidelines for philanthropy and human security. Nonetheless, governments' not so impressive performance in offering access to food, shelter, health, education, or work to the citizens perpetuated poverty threatening human as well as state security in many MMCs. The final chapter ("Muslim Philanthropy and Human Security in MMCs: Characteristics and Challenges") is a culmination, and to some extent an extension of the previous discussion and analyses in the book on philanthropy and the third sector (e.g. history, structure, features, legal boundaries) vis-à-vis human security (highlighting the practices and challenges) in the 47 Muslim majority countries (MMCs) in Africa and Asia.

In addition to the introductory section and a short concluding section, the chapter is divided into three major sections. The first main section ("Third Sector Organizations in MMCs: Role and Density Analyses") incorporating a TSO density study analyses four major roles of the TSOs in MMCs: service; innovation; expressive and leadership development; and community building and democratization roles. It shows that TSOs in some MMCs have played community development roles, but not much democratization role except for Indonesia, because MMCs either do not have many membership organizations or TSOs upholding democratic values and principles.

The analyses in the next section ("The Third Sector Capability Measure, and Human Security in MMCs") incorporating the features of *zakat* management, third sector legal environment, and the TSO density created a "third sector capability measure (TCM)" to establish relationships between the TCM and certain selected criteria (e.g. CMR, LEB, ALR, and PCR) for human security. Human security impacts of the TSOs in MMCs have not been (squarely) impressive or uniform. The analyses show positive relationships between the "third sector capability measure (TCM)" and higher achievements in human security services like education and health. Though the economy has been an important contributing factor, the work anecdotally confirms that gender equality in education (e.g. establishment of schools for boys and girls), health (e.g. health service delivery irrespective of gender and religion), and hygiene (e.g. for lactating women and infants) in the above MMCs being mutually reinforcing is a result of as well as a likely reason for high incidence of philanthropic activities.

The most important section ("Varied TSO Roles and Human Security Achievements: Analyzing the Phenomena") of the chapter analyses the underlying factors causing differences in the third sector and their human security roles in MMCs. The arguments revolve around four dimensions. First, the discussion on the "social and cultural factors" argues that human security roles of the third sector, approved and appreciated by the basic tenets of Islam (see Chap. 3), and historically being welcomed in Muslim communities, are essentially subjected to local traditional (tribal and community) power structure. Second, the "religious flexibility" dimension focuses on two aspects (structural and interpretative) to show that Muslims have God given authorization to perform social activities with good inten-

tions for public benefit, but many *imams*, being egotist claiming intermediary roles between God and other human beings, misuses the “flexibility” with purposive interpretation to create a leadership dichotomy in Muslim communities. Thus the third dimension discussed in this section is “leadership dichotomy” to conclude that leadership hegemony is complicated, but becomes compound due to the strategic absence of the secular intellectual leadership to adversely influence human security outcomes of philanthropy and the third sector in MMCs.

The fourth dimension (“State Weakening Social Structure or Political Platforms”) argues that the source of power (election, selection, or heredity) does not have conclusive relationships to the third sector legal environment or their human security achievements in MMCs, but military involvement in politics and the tribal power structure do. It seems that the influence of tribal power in economic, political, and social matters create a model of its own—a “kinsociational” state or governance model. The “elected authoritarianism” in MMCs are run by people in political platforms (not political parties) joined together to gain power for some “cronies” under a leader.

The chapter argues that the third sector in MMCs may become stronger generating larger human security impacts only through the formation and functioning of membership organizations practicing accountability, (merit-based) competition in public affairs, mutual respect, tolerance, and transparency. Such organizations cannot be superimposed in the social structure, the social system needs to open up gradually to adapt to the changing world. It opines that the system opens up only when people face no born-social-status, develop community relationships, and undertake collective efforts through honesty, tolerance, mutual respect, merit and competition in serving the humanity not the self (individual or community). The chapter and the book concludes that the road for the third sector toward regaining its past human security roles in MMCs is long, but unfortunately winding because of the protective inherent social structure in some, or contrived political platforms in some other.

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# Chapter 2

## Human Security in a Globalised World: Concepts and Issues for the Muslim World

I. Hossain and A. Isiaka Abiodun

### 2.1 Introduction

For a very long time, the state-centric understanding of security dominated the study of security studies. However, the situation began to change, particularly in the post-Cold War period, with 'reorientation towards intra-state security, the site of much human security' (Kerr, 2010:115). The United Nations Development Programme (UNDP)'s Human Development Report 1994 (HDR 1994) in a move to shift 'from an exclusive stress on territorial security to a much greater stress on people's security', broadened the definition of security and emphasised human security. According to this report, human security means 'first, safety from such chronic threats as hunger, disease and repression. And, second, it means protection from sudden and harmful disruptions in the patterns of daily life—whether in homes, in jobs or in communities' (UNDP, 1994:23). In other words, it can be argued that UNDP's HDR 1994 broadly defines human security as 'freedom from fear and freedom from want'. Human security in its simplest expression entails 'all those things that men and women anywhere in the world cherish most: enough food for the family; adequate shelter; good health; schooling for the children; protection from violence whether inflicted by man or by nature; and a State which does not oppress its citizens but rules with their consent' (Frechette, 1999). UNDP's HDR (1994:24–25) identified seven dimensions of human security: economic, food, health, environmental, personal, community and political.

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Economic security focuses on threats from poverty, which requires an assured basic income and livelihood such as employment and trade. Food security is aimed at safeguarding human beings from the threats of hunger and famine. It seeks to ensure that all peoples at all times have both physical and economic access to basic food. Health security stipulates that the threats of disease and injury are staved off through access to affordable healthcare facilities and services, including safe family planning. Environmental security concerns encompass removing threats from dangers of pollution, environmental degradation and resource depletion for overall healthy physical environment conducive to human well-being.

On the other hand, personal security entails safeguard from physical violence and all forms of physical threats. Community security means protection from oppressive practices inimical to ethnic, religious and cultural identity. Political security refers to safety from political repression, violation of human rights, military dictatorships or abusive authority (Tadjbakhsh, Chenoy, & Chenoy, 2007:15–16).

The recent globalism caused the crumbling of old territoriality and interstate barriers (Rosenau, 2006:83) characterised by interdependence, centralising tendencies, universalism and internationalisation. Globalism has increased the impact of transnational and non-state actors and uncoordinated activities (Lynch, 2006) diffused through free flow of products, information, communication technologies, labour, norms and ideas. Rosenau (2006) argues that the globalisation process effuses its impact alongside the localising process in all aspects of human activities—cultural, social, economic and political.

Kay (2004:10) posits that a globalised world involves ‘the creation of a variety of trans-boundary mechanisms for interaction that affects and reflects the acceleration of economic, political and security interdependence’ and ‘provides an opportunity for the advancement of common human standards and equality as norms and rules are channelled throughout the world’. At the hearth of globalisation are security issues such as transnational organised crimes, violence, intra-state conflicts, terrorism, proliferation in small arms and light weapons, smuggling in drugs, etc. In this chapter, we view a globalised world as one that advances common norms and rules for human standards such as human security and well-being, dignity, freedom and human rights.

Human security scholars seek to reinforce opportunities for human development, ensure sustainable environment, secure humans from natural hazards which often slip into disasters, cause food insecurity, disrupt healthy societies (based on political pluralism) and mitigate the sources of inter-ethnic or inter-religious conflicts. In other words, human security is closely related to social security which in a broader sense refers to the elimination of conditions detrimental to the survival, functioning and progress of human beings and the creation of conditions for the enjoyment of a ‘full life’ with living conditions and amenities that are customary in the societies to which a person belongs (see Chap. 1 for more).

This chapter highlights holistic aspects of human security embracing issues of food, shelter, health, education and work as they relate to the individuals. The chapter is divided into four sections. The first section deals with the fundamentals of human security, its trajectory/historical evolution and conceptual formation. The second

section examines the ‘Western’ components of human security in relation to its universal applicability. Next, the Islamic/Muslim World perspective of human security is explored in details by drawing on the Quran and Hadith, historical narratives as well as contemporary praxis. The penultimate section highlights some human security challenges as they relate to certain Muslim majority countries to be dealt with in details in subsequent relevant chapters in this volume.

## 2.2 Human Security: The Trajectory of a Contested Concept

Human security is one of the most used concepts in the world today by governments, intergovernmental agencies, non-governmental organisations (NGOs), as well as the peace and security researchers. The reasons that have made the concept receive meteoric attention have been subject of intensive academic endeavour even though the concept itself has been dealt with divergently by different intellectual perspectives (Acharya, 2001; Battersby & Siracusa, 2009; Buzan, Waever, & De Wilde, 1998; Ginkel & Newman, 2000; Hampson, Daudelin, Hay, Reid, & Martin, 2002; Krause, 2007; MacFarlane & Khong, 2006; MacLean, Black, & Shaw, 2006; Newman & Richmond, 2001; Paris, 2001; Shinoda, 2004; Tadjbakhsh et al., 2007; Thakur, 1997; Thomas, 2000). Suffice it to say that certain signposts and milestones signalled the emergence of ‘human security’ in international relations, diplomacy, security and development studies.

Hampson et al. (2002:17) trace the concept of human security to the International Committee of Red (Crescent) Cross (ICRC)’s work which began in the nineteenth century based on ‘the notion that people should be protected from violent threats and, when they are harmed or injured, that the international community has an obligation to assist them’. The humanitarian norm has since gained international acceptance in the committee of nations, as mentioned earlier, particularly in the post-Cold War era characterised by a shift from national security to human-centred security. In other words, the individual is now the referent as the human security approach ‘assumes that the safety of the individual is the key to global security’ (Hampson et al., 2002:6). This approach argues that when the security of the individual is threatened, international security is put in jeopardy. The emergence of a ‘new world order’ from a bi-polar to uni-polar or so-called multi-polar world also shifted the focus from state or national security to human security.

Human security is targeted at safeguarding ‘Freedom from Want’ and ‘Freedom from Fear’, two of the four human ‘freedoms’, which former United States President Franklin Delano Roosevelt advocated in his inauguration speech in 1941. (The other two are ‘freedom of speech’ and ‘freedom of worship’.) Noteworthy, that ‘Freedom from Fear’ was championed by Canada and a number of other states by emphasising people’s security from threats to their civil and political rights. This approach is concerned with consequences of violent conflicts within states, as states can be the very source of insecurity to its people. The ‘Freedom from Want’ is championed by Japan and supported by developing countries. It stresses on securing individuals

against the threats of underdevelopment that impinge on the economic, social and cultural rights. Disenchanted with the huge budgets expended on weapons and the military at the expense of human well-beings, one of the architects of the HDR 1994, Mahbubul Haq, said: 'We need to fashion a new concept of human security that is reflected in the lives of our people, not in the weapons of our country' (cited in Acharya, 2001:1). MacFarlane and Khong (UNDP, 2006:148) assert that the HDR 1994 was the precursor to the UNDP input into the 1995 Copenhagen World Summit for Social Development urging the participants to support its human security initiatives.

According to Shinoda (2004), the purveyors of national security are firstly, democratisation/constitutionalism, which derived from social contract to safeguard the fundamental rights of citizens by a strong state from external aggression and internal resurrection. Secondly, the 'socialisation of security of nationals' in the form of social security and other welfare policies to cater to existential needs like food and oil viewed as inalienable rights of the citizens. Lastly, the 'internationalisation' of national security, whereby the super powers protected their weak allies during the era of the Cold War. At the end of the Cold War, this responsibility was passed to the United Nations, which elevated it to the status of the Responsibility to Protect (R2P). In other words, if states fail to provide human security, the international community would be justified to invoke the emerging norm to intervene and protect (Krause, 2007:13).

The Brandt Commission, the Brundtland Commission and the Commission on Global Governance were three major initiatives between the 1970s and 1990s that also focused on security and development challenges. These initiatives elevated humans as the referents to be secured against existential threats and became reasons for many national programme. In the 1970s, Japan introduced *sogo-anzenhoshou* (Comprehensive Security) to deal with the threats posed by oil crisis against economic and social security alongside military threats in Asia. As noted by Nakanishi (1998:19), 'human security has been introduced because our contemporary world needs comprehensive approaches to security'. Later, in 1992, the UN Secretary General Boutros Boutros-Ghali advocated economic and social development measures to stem threats to international peace and security (MacFarlane & Khong, 2006:151). Contrary to the misconception in certain quarters that human security is a complete paradigm shift from national to individual security, the Committee on Human Security (CHS) argues that 'human security reinforces state security but does not replace it' (CHS, 2003:5). Put differently, 'human security' reminds states of its responsibility to protect humans.

The emergence of human security in the HDR 1993 was prescriptive of what later unfolded in successive publications of the UN. The HDR 1993 avers that '[T]he concept of human security must change—from an exclusive focus on national security to a much greater stress on people's security, from security through armaments to security through human development, from territorial security to food, employment and environmental security'. Therefore, in the HDR (UNDP, 1994), prescription morphed into a normative order. The report identified two main aspects of human security: safety from such chronic threats as hunger, disease and repression, and 'protection from sudden and hurtful disruptions in the pattern of daily life'.

MacFarlane and Khong (2006:162) trace the discourse on human security to three epochs: the humanisation of development that views development as efforts to improve human well-being and not mere economic growth; the establishment of a nexus between economic well-being and security of states; and the merging of development and security. For Krause (2007:18), human security, 'like all concepts of security ...is constructed through the various efforts of institutions and individuals, and in today's world, it is a powerful concept around which practical policies and concrete initiatives have been, and can be, developed and promoted'.

Specifically, the HDR 1994 (UNDP, 1994:24–37) views human security as policies designed to deal with population explosion, economic inequalities, migratory pressures, environmental degradation, narcotics and drug trafficking and international terrorism. One of the strengths of the human security approach is its 'early warning indicators of national breakdown such as food insecurity, high unemployment and poor wages, human rights abuses, ethnic and sectarian violence, widening regional disparities within countries, and huge military spending compared with other sectors' (UNDP, 1994:37–40). Experts have noted that human security emerged as a result of increased civil wars and intra-state conflicts, the spread of democratisation, the rise of humanitarian intervention or R2P, and widespread economic downturn and dislocation in many countries (Acharya, 2001:9). Thus, global dynamics and emerging new world order contrived to launch human security on the international stage.

Prior to the HDR 1994, there were criticisms of nuclear quests by countries at the expense of human development in what was termed the 'guns versus butter' debate. Norway and Canada later established a Human Security Partnership (HSP) focused on the elimination of landmines, formation of an International Criminal Court, promotion of human rights, international humanitarian law, women and children in armed conflict, small arms and light weapons proliferation, child soldiers, child labour and northern (Arctic) cooperation. After the duo could not succeed in achieving a strong commitment on all the focus areas, it decided to look inwards through foreign policy strategies on human security issues.

### **2.3 Human Security: A Western Norm or Universal Concept?**

Rather than viewing human security as a 'Western' agenda, this chapter argues that it was borne out of an alliance of civilisations under the aegis of the UN. For example, Pakistani scholar, Mahbubul Haq was instrumental to the publication of the HDR 1994. A former staff member of the World Bank, Haq was special adviser on the preparation of the report alongside other experts selected from around the world.

In Asia, pushing forward the 'Freedom from Want' dimension of human security, Japan and Thailand contributed immensely to the human security debate and promotion. Thailand under Prime Minister Chuan Leekpai (1992–1995 and 1997–2001) quickly saw a nexus between freedom from want and freedom from fear even when other countries were ambiguous and sought to separate the two freedoms.



Most Asian countries insist on elevating freedom from want above freedom from fear. They harbour suspicions of a Western agenda to impose individual human rights over the Asian values of 'filial piety' and 'communitarian ethics' (Acharya, 2001:8). Indonesia introduced 'national resilience' which extols 'ideological, political, economic, socio-cultural and security-cum-defence aspects' while Japan and Malaysia promoted 'comprehensive security' anchored on military, economic and political strength and resilience. Malaysia's former Defence Minister and current Prime Minister Najib Tun Razak proclaimed comprehensive security based on a nation 'politically stable, economically strong and resilient... and last, but not the least... militarily sufficient' (Acharya, 2001:11). On its part, Singapore developed the doctrine of 'total defence', which have five aspects—military defence, civil defence, economic defence, social defence and psychological defence. These divergent approaches, notwithstanding, agree that humans must be secured under the new emerging security order.

Another milestone in the annals of human security was the endorsement of the International Commission on Intervention and State Sovereignty (ICISS) report by the UN which introduced right to protect (R2P) as 'humanitarian intervention' to prevent, react and rebuild in post-conflict states. The report asserts that: 'Where a population is suffering serious harm, as a result of internal war, insurgency, repression or state failure, and the state in question is unwilling to halt or avert it, the principle of non-intervention yields to the international responsibility to protect' (ICISS, 2001:xi). Richmond (2001:36) states that 'elevation of human security issues raised a long-standing controversy about the norms of intervention, in particular in the context of whether such norms are universal or relativistic'. In this vein, Malaysia and China have consistently opposed humanitarian intervention and the R2P. Malaysia preferred what it termed 'constructive intervention' in addressing internal conflicts in weaker regional states.

As the human security norm cascades through the international society of states, the Human Security Network (HSN) was born in 1999. The HSN is a loose grouping of 14 countries spread across the world. These countries meet annually at the foreign ministers level to foster a common agenda on human security. The network led by Canada, Norway and Switzerland includes Chile, Jordan, Austria, Ireland, Mali, Greece, Slovakia, Thailand, South Africa (as an observer) and the Netherlands. The HSN asserts that 'human security means freedom from pervasive threats to people's rights, their safety or even their lives... Human security and human development are thus two sides of the same coin, mutually reinforcing and leading to a conducive environment for each other'.

The UN Trust Fund for Human Security (UNTFHS), mainly financed by the HSN member nations, disbursed US\$323 million to 187 projects in over 60 countries between 1999 and 2009. This bold initiative stemmed from the realisation that in 2008 alone, natural disasters around the world claimed 230,000 lives affecting 211 million more; while 42 million people were displaced due to armed conflicts (UNSG, 2012:para. 12). In 2001, the Independent Commission on Human Security (ICHS) was formed. The ICHS, in a report (*Human Security Now: Protecting and Empowering People*), led by Sadako Ogata and Amartya Sen, in 2003, emphasised the need to prioritise human security.



In the 2005 World Summit Outcome Document (WSOD) human security was given a sub-heading in paragraph 143 as ‘the right of people to live in freedom and dignity, free from poverty and despair’ (UN General Assembly Resolution A/RES/60/1; 2005 WSO Document). The document reiterated the two visions of human security: Freedom from Fear and Freedom from Want (Krause, 2007:4). Human security is also incorporated in the documents of regional organisations worldwide. The American Organization of States (AOS) produced the Declaration of Security in the Americas in 2005 while the African Union (AU)’s Non-Aggression and Common Defence Pact was enshrined in the AU’s Constitutive Act and the Statement of Commitment to Peace and Security in Africa.

The 1997 Asian financial crisis provided an impetus for a joint Association of South East Asian Nations (ASEAN) Vision 2020, which emphasises human dignity and equal opportunities as *sine qua non* to a holistic human development. Twelve years later, in 2009, ASEAN Defence Ministers reaffirmed the salience of non-traditional threats to human security and the need for an integrated response to such threats. In a related development, the Asia-Pacific Economic Cooperation (APEC), at its APEC Economic Leaders’ Meeting in Bangkok in 2003, stressed the importance of human security to stave off vulnerabilities from natural hazards, international terrorism, transnational infectious diseases and drug trafficking.

Since the UNDP’s 1994 publication, over 20 national human development reports have been produced on human security stressing the link between development and human security. In addition, the United Nations Educational, Scientific, and Cultural Organization (UNESCO)’s Human Security Approaches and Challenges, published in 2008 also brought to the fore the region-specific cum international dimensions of human security. Other stakeholders such as the Pan-American Health Organisation/World Health Organisation (PAHO/WHO) also identified a strong link between health and safety. They emphasised that both are mutually dependent and reinforcing, that is, better health leads to greater human security and vice versa (UNOCHA, 2012).

Other initiatives such as the Conference on Security, Stability, Development, and Cooperation in Africa (CSSDCA) also linked development to security. It says ‘security must embrace all aspects of society including economic, political, social and environmental dimensions of the individual, family, community, local and national life’. Newman and Richmond (2001:50) notes that the post-Cold War era challenged ‘structural and global notions of international security and saw a shift in attitudes—and at a much slower rate, policies—from a paradigm of national security to one of human security, that sees issues of governance within states as of direct relevance to peace and security between states, and thus a legitimate issue of international relations’.

Duffield and Waddell (2006) note that the aim of human security is to broaden and reprioritise the focus of security making the individuals the centre stage rather than the state. However, human security is ‘far more than the absence of violent conflict’ (Annan, 2000). It also encompasses human rights, good governance, quality education and healthcare services with equitable opportunities for all. Human security seeks to reduce poverty, promote economic growth and prevent conflict.

Where there is ‘freedom from want, freedom from fear, and the freedom of future generations to inherit a healthy natural environment’, it is envisaged that human security, national security and international security will be assured. Other scholars envision improvement in the quality of life of the people or polity. They postulate that whatever degrades quality of life such as demographic pressures and resource depletion is a security threat and should be dealt with to enhance and sustain human security (Ginkel & Newman, 2000:79; Thakur, 1997:53–54).

The contributions of the array of scholars, regional and non-governmental organisations and national initiatives aimed at promoting human security goals and objectives suggest that the concept cannot be termed a Western agenda as it clearly enjoys universal appeal and acceptance.

## 2.4 Human Security: An Islamic Perspective

We are aware that any discourse on the Islamic perspective of human security risks being lumped into the ‘widespread and well-funded industry which consists of reading the truth of modern science [and general knowledge] back into the Koran’ (Cook, 2000:29). However, contemporary developments, especially in international politics and security, demand that Muslims put forward the Islamic position on various issues including human security because ultimately the ‘key question is not what the Koran actually says, but what Muslims say the Koran says’ (Roy, 2004:10). This is more so germane in the post-9/11 international arena when Islam is now ‘on the agenda of every security expert’ even though most analyses have focused on ‘the ideological dimensions of militant Islam’ (Seiple, 2007:41).

Security occupies a central position in Islam, and could mean any of the four positions: individual state of mind or feeling; mutual feeling of a group in relation to other groups; mutual trust and trustworthiness, honesty in transactions and in dealing with others; and individual security or harmony in oneself (Hanafi, 2008:279). The four classical Islamic disciplines— theology, philosophy, mysticism and jurisprudence—view security differently, giving it divergent levels of importance. Although there is no direct mention of human security in the Qur’an, the root word for security (Amn) means peace treaty or faith (Iman). Thus, faith, peace and security are mutually related and conditional on one another. Peace brings security and vice versa. Hanafi (2008:279) notes that security is mentioned in different forms in the Qur’an: 20 times as a verb (meaning it is an act or process); 15 times as pronouns (denoting individual and social relations); and 15 times as a group pronoun (as a perception of an out-group as ‘other’).

According to Islam, peace precedes security. Individual peace (Dhamir) is the foundation and cornerstone of world peace and security arranged in four concentric circles with the individual at the centre. When individuals are at peace, it manifests in an enduring peace at home (Bayt). The household peace is translated into societal (Mujtama’) peace that guarantees solidarity and cohesion for common goals where security is accorded to all members of the society regardless of their status or class.

The societal peace is a prerequisite to achieve harmony, peace and security in the world (al-Alam). This last degree denotes a peaceful world devoid of racial, ethnic, religious or geographical bigotry, hatred, wars of aggression or occupation. Universal peace and international security result from justice and equality of all nations as enshrined in the Charter of Medina, which provided the earliest model of world peace and security (Hanafi, 2008:282). Therefore, individual and personal security is central to all levels of security.

Islam identifies with human security and human rights principles promoted by the West because 'right to justice, equality, safety, security and dignity are among those rights deemed indispensable in Islam' supplemented further by 'right to education and to own property, and freedom from slavery' (Hayatli, 2012:3). The Qur'an is replete with many verses that expatiate on the Islamic worldview regarding human security in general and the sanctity of human life in particular. For example, there are commands not to 'kill (or destroy) yourselves: for verily Allah hath been to you Most Merciful!' (Qur'an 4:29) or to 'Kill not your children on a plea of want (poverty)...take not life, which Allah hath made sacred, except by way of justice and law: thus doth He command you, that ye may learn wisdom' (Qur'an 6:151). These verses clearly forbid the termination of life, even one's own life. The verses do not recognise exigencies such as victimisation, poverty, genocide or other forms of political marginalisation as justifications for suicide or killings.

Indiscriminate killing of perceived opponents or rival groups such as in terrorist acts is also forbidden in Islam. The Qur'an declares that killing one soul is heinous and tantamount to the killing of entire humanity: 'On that account: We ordained for the children of Israel that if anyone kills a person—unless it be for murder or for spreading mischief in the land—it would be as if he killed the whole people' (Qur'an 5:32). Even during war, Islam lays down the ethics and boundaries of hostilities. It declares that 'if anyone is slain wrongfully, We have given his heir authority (to demand Qisas or to forgive): but let him not exceed bounds in the matter of taking life; for he is helped (by the law) (Qur'an 17:33)'. We read the account of the two sons of Adam (Cain and Abel) when one of them threatened to kill the other out of envy and hatred. The one whose life is being threatened responded by saying: 'If you stretch your hand against me, to kill me, it is not for me to stretch my hand against you to kill you: for I fear Allah, the Cherisher of the Worlds' (Qur'an 5:28). So, pre-emptive or retaliatory strikes against an enemy are also forbidden in Islam.

A cursory glance into the Hadith, the second source of Islamic rules and legislation, also revealed a plethora of human security principles that are recently being advocated by the West. The Prophet's (peace be upon him) last sermon dwelled on the sanctity of life, liberty, property and honour which form the contemporary elements of human security. He said 'Allah, the Blessed, the supreme, has made your blood, your property and your honor as sacred as this day of yours in this town of yours, in this month of yours (and such protection cannot be slighted) except rightfully' (Bukhari 8:776). He was reported to have said: 'Whoever is killed while protecting his property then he is a martyr' (Bukhari 3:360).

Umar bin Khattab, the second Caliph of the Sunni Muslims, even after being stabbed, instructed his would-be successor to 'take care of those non-Muslims who

are under the protection of Allah and His Apostle in that he should observe the convention agreed upon with them, and fight on their behalf (to secure their safety) and he should not over-tax them beyond their capability' (Bukhari 4:287). This directive lays the foundation for the safeguard of religious minorities. The Prophet (peace be upon him) was also reported to have said: 'There was no prophet among the prophets but was given miracles because of which people had security or had belief' (Bukhari 9:379). In another narration, he said: 'the Imam is like a shelter for whose safety the Muslims should fight and where they should seek protection' (Bukhari, 4:204).

In the Islamic history we also find illustrations of the Islamic world view on war ethics and international humanitarian law (*jus in bello* and *jus ad bellum*). The first Caliph Abu Bakr al-Siddiq enjoined the army under Usama Ibn Zaid, as they were set to go on expedition (other sources traced the order to Prophet Muhammad): 'Do not kill any old person, any child, or any woman. Do not kill the monks in the monasteries; do not kill the people who are sitting in places of worship. Do not attack a wounded person; No prisoner should be put to the sword' (Cited in Hassan, 2004:52).

This immutable address over 1,400 years ago captures in its essence the Islamic values of human life, freedom of religion, respect for the environment and the ecosystem. These values are recently being given recognition in international warfare through conventions and treaties, having suffered outright violations by world powers. From the foregoing, it is clear that Islam attaches importance to the safeguard of human security through positive engagement in one's life, consideration for others, as well as harmony with the environment. The central tenet of Islam is anchored on noble vicegerents of Allah (Khilafah), a concept which traverses the political, economic, social, individual and communal aspects of the individual Muslim's life.

MacQueen (2008:82–83) notes that the position of Islamist parties on the international human rights regime is unequivocal. For example, article 78 of the 1952 draft constitution of the Muslim Brotherhood in Egypt asserts that 'each individual has the right to live freely, enjoying equality, security and safety, as secured by law'. Statements such as this underscore the Islamic viewpoint on human security and shows that it is not a Western concept.

The penchant to derogate the Islamic values of human security stems from the practice by a minority who are violent and thus get worldwide media attention. But as Wadud (2002), the controversial Muslim feminist points out, the Qur'an has 'explicit prohibitions against the actions of killing innocents'. There are Qur'anic ethos on the value of human life and emphasis on the responsibility of Muslims to support and protect all forms of life.

There are three groups of people that are extremely vulnerable and whose existential needs should be catered for: they are victims of war and internal conflicts such as in Gaza, Syria, Iraq, and Egypt, the poor who live on the fringe of subsistence and in the lowest rung of the socio-economic ladder thereby being prone to economic insecurity, and victims of natural disasters (Suhrike, 1999). Islam seeks to protect human beings from insecurities attendant upon exposures to extreme vulnerabilities, natural hazards and risks, be they manifested in social, economic, political,

environmental or individual spheres. For example, the institution of Zakah (poor due) is designed to alleviate poverty, protect the poor as well as mitigate other physical and life-threatening situations.

However, over half of the world's estimated ten million refugees are in Muslim-majority countries while nine million out of the total 26 million internally displaced persons (IDPs) worldwide are in the Muslim world (Hayatli, 2012). Such figures tempt one to conclude that there is tension between Islamic law and Sharia, on the one hand, and international humanitarian law and human security on the other. However, Muslim-majority countries have been part of the global promotion of human rights through laws, treaties, declarations and conventions at national, regional and international levels. Seven out of the eight Islamic member countries in the UN voted in favour of the Universal Declaration of Human Rights (UDHR) in 1948. Iran and Lebanon participated in the drafting while the then Pakistani foreign Minister called for its adoption. Even, Saudi Arabia adopted the UNHCR. Therefore, the disregard for human security in Muslim-majority countries is not due to Islam but a fall-out of mechanisms by the undemocratic rulers to safeguard their regimes.

## 2.5 'Freedom from Want' in Muslim Majority Countries (MMCs)

The late US President, Franklin D. Roosevelt broached the idea of the four freedoms in his State of the Union Address on 6 January 1941. In the speech, later dubbed the 'Four Freedoms Speech', Roosevelt said: 'In the future days which we seek to make secure, we look forward to a world founded upon four essential human freedoms' (Roosevelt, 1941). These are freedom of speech and expression; freedom for every person to worship God in his own way; freedom from want; and freedom from fear.

Roosevelt's ideas later formed the foundational principles of the Atlantic Charter signed by Winston Churchill and Roosevelt in August 1941, the United Nations Declaration on 1 January 1942 and the Universal Declaration on Human Rights (UDHR) adopted by the UN in 1948 (from Roosevelt's widow, Eleanor Roosevelt). In the Freedom from Want enunciated by Roosevelt, old age pensions and unemployment insurance, adequate medical care, employment opportunity as well as social safety nets were canvassed.

In this section of the chapter, the discussion focuses on 'Freedom from Want', which is basically economic in nature. The human security approach emphasises economic security and economic freedom as requisite conditions for human dignity. Economic security can be measured through mechanisms that safeguard against poverty and guarantee basic income and means of livelihood such as employment and trade. Freedom from hunger and famine, which are components of food security, are outcomes of economic security. Food security implies physical and economic access to basic food and water for nutritional, survival and development

needs. In the absence of assured food security through domestic production, food imports become substitute societal mechanisms to meet basic local needs. As freedom from want is basically economic in nature, various economic indicators such as freedom from unemployment, or freedom poverty are important measures in the Index of Economic Freedom (IEF).

Based on Adam Smith's theories of liberty, prosperity and economic freedom to life, the IEF, an annual guide on the economic security of nations jointly published by The Wall Street Journal and the Heritage Foundation, emphasises people's empowerment 'to own, trade, and invest according to their personal choices'. The IEF defines economic freedom as 'the fundamental right of every human to control his or her own labour and property'. It explains that such right connotes freedom 'to work, produce, consume, and invest in any way they please, with that freedom both protected by the state and unconstrained by the state'. The IEF asserts that economically free societies guarantee free movement of labour, capital and goods and they 'refrain from coercion or constraint of liberty beyond the extent necessary to protect and maintain liberty itself' (IEF, 2013).

The Index measures ten components of economic freedom grouped into four broad categories. These are the rule of law (property rights, freedom from corruption); limited government (fiscal freedom, government spending); regulatory efficiency (business freedom, labour freedom, monetary freedom) and open markets (trade freedom, investment freedom and financial freedom). These components are assigned a grade each on a scale from 0 to 100 where 100 denote maximum freedom (see Table 2.1 for details).

In the IEF 2013 report, no Muslim Majority Country (MMC) appears in the 'free' category, which includes Hong Kong, Singapore, Australia, New Zealand and Switzerland. Table 2.1 records data from 18 selected MMCs to highlight the best and worst cases of economic freedom, poverty and human development. Only four MMCs: Bahrain, Qatar, the United Arab Emirates (UAE) and Jordan were classified as 'mostly free' and ranked 12th, 27th, 28th and 33rd, respectively. The rest are either 'moderately free' (Oman, Malaysia, Saudi Arabia and Turkey) or 'mostly unfree' (Morocco, Indonesia, India, Pakistan, Bangladesh, Egypt and Nigeria). In fact, economic freedom is repressed in Iran and Algeria; two of the most populated MMCs. Afghanistan, Iraq, Libya, Somalia, Sudan and Syria were not ranked (IEF, 2013). As a result, the size of the population in severe poverty in these highly populated countries is very worrisome: Nigeria (33.9 %), Pakistan (27.4 %) and Bangladesh (26.2 %). The population in severe poverty indicates the percentage of a population that experience severe multi-dimensional poverty, that is, 50 % or more deprivation score (HDR, 2013).

Indicators of unemployment rate and gender inequality in MMCs are also worrisome. Employment rate among adults (25 years and above) shows that many people in some MMCs were unemployed in 2011—Indonesia (29.9 %), Pakistan (44.6 %), Egypt (48.7 %), Nigeria (38.3 %), Iran (53.9 %), Turkey (51.2 %), Algeria (56.1 %), Morocco (49.1 %) and Iraq (58.1 %). It should be stressed, however, that these data, like gross national income data, do not include the informal sector, the spate of economic activity and self-employment by millions of people. Thus, the

**Table 2.1** 2013 Index of economic freedom and other indices in selected MMCs

Most populated Muslim countries	IEF world rank	Overall points	Remarks	Total Pop. (million)	Muslim % by pew estimate	HDI rank (2013)	GDP per capita 2011 (\$)	Population in severe poverty (%)
Bahrain	12	75.5	Mostly free	1.4	81.2	48	21,346	–
Qatar	27	71.3	Mostly free	1.9	77.5	36	77,987	–
UAE	28	71.1	Mostly free	8.1	76.0	41	42,293	–
Jordan	33	70.4	Mostly free	6.5	98.8	100	5,269	0.1
Oman	45	68.1	Moderately free	2.9	87.7	84	25,330	–
Malaysia	56	66.1	Moderately free	29.3	61.4	64	13,672	–
Saudi Arabia	82	60.6	Moderately free	28.7	97.1	57	21,430	–
Turkey	69	62.9	Moderately free	74.5	98.6	90	13,466	1.3
Morocco	90	59.6	Mostly unfree	32.6	99.9	130	4,373	3.3
Indonesia	108	56.9	Mostly unfree	244.8	88.8	121	4,094	7.6
India	119	55.2	Mostly unfree	1,258.4	13.4	136	3,203	28.6
Pakistan	121	55.1	Mostly unfree	180.0	96.4	146	2,424	27.4
Bangladesh	132	52.6	Mostly unfree	152.4	90.4	146	1,568	26.2
Egypt	125	54.8	Mostly unfree	84.0	94.7	112	5,547	1.0
Nigeria	120	55.1	Mostly unfree	166.6	47.9	153	2,221	33.9
Iran	168	43.2	Repressed	75.6	99.6	76	10,462	–
Algeria	145	49.6	Repressed	36.5	98.2	93	7,643	–
Iraq	–	–	Not ranked	33.7	98.9	131	3,412	3.1

Sources: United Nations Development Programme (UNDP) (2013). *Human Development Report 2013: The Rise of the South: Human Progress in a Diverse World*. New York: UNDP; The Pew Research Center, “Executive Summary” The Future of the Global Muslim Population: Projections for 2010–2030 (January 2011). The Pew Forum on Religion & Public Life, Pew Research Center. Retrieved April 27, 2013. <http://www.pewforum.org/The-Future-of-the-Global-Muslim-Population.aspx>; Central Intelligence Agency (CIA) The World Factbook—India, Central Intelligence Agency, United States. Retrieved April 29, 2013. [www.cia.gov/library/publications/the-world-factbook/geos/in.html](http://www.cia.gov/library/publications/the-world-factbook/geos/in.html); and The Heritage Foundation and The Wall Street Journal (2013). *2013 Index of Economic Freedom: Country Rankings*. Retrieved April 27, 2013. <http://www.heritage.org/index/ranking>



real picture of 'freedom from want' in these MMCs may not be as bad as these data show. Nonetheless, these countries lag behind in the UNDP's HDR (2013) Gender Inequality Index (GII), which is a composite measure of inequality in achievements between women and men based on reproductive health, political empowerment and the labour market. In 2012, out of 186 countries, Egypt ranked 126 in the GII behind Pakistan (123), Iraq (120), Bangladesh (111), Iran (107), Indonesia (106), Morocco (84), Algeria (74) and Turkey (68).

Islam emphasises the virtues of work and gainful employment. Indeed, Islam views work not only as a right but also a duty incumbent upon all Muslims in order to develop a healthy and prosperous society free from economic dependence. The Qur'an advises Muslims to strive to work and earn legitimate income which is far better than reliance on alms and social hand-outs. It commands, 'Disperse through the land and seek of the bounty of God' (Qur'an, 62: 10) and clarifies that 'God has permitted trade and forbidden usury' (Qur'an 2: 275). The ideal Islamic state should create an enabling environment for people to seek sustenance through Halal means. However, measures of economic freedom and human development analysed below depict economic insecurity faced by many MMCs.

Overall, only three oil producing MMCs: Brunei, Qatar and the UAE are ranked in the 'very high human development' category of the UNDP's Human Development Index in 2012 although Bahrain, Kuwait, Saudi Arabia, Libya, Malaysia, Kazakhstan, Iran, Azerbaijan, Oman, Turkey, Algeria and Tunisia were listed in the 'high human development' category. The other MMCs are either in the 'medium' or 'low' human development category (see Hasan & El Jaouhari, 2012 for details). This implies that citizens of highly populated MMCs experience chronic fear from want as manifested in various dimensions.

There is a strong correlation between economic freedom and poverty. Most economically free countries have eliminated extreme poverty whereas 'economically unfree' have high incidence of extreme poverty. Morocco, India, Iran, Pakistan, Bangladesh, Indonesia and Nigeria have populations in severe poverty in relation to their overall economic freedom. Food security is also germane to freedom from want. Food security is defined as a state in which 'all people, at all times, have both physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life' (FAO, 1998, 2008). Access to food and affordability are vital components of food security and overall freedom from want.

Majority population in rich MMCs depend on imported food. The MMCs' dependence on food imports for the survival of their people underscores the lack of food security. A recent study by the Potsdam Institute for Climate Impact Research in Germany indicates that 66 countries, representing 16 % of the world's population spread across North Africa and the Middle East with large Muslim populations, mostly rely on imported food 'due to water and/or land constraints' (Ravilious, 2013). It suggests that based on the current trend, more than half of the world's population would rely on imported foods by 2050.

Indicators provided by the World Bank show that Algeria's food imports as percentage of merchandise imports was 21 % in 1980, 23.7 % in 1990, 28.2 % in 2000



and 16.3 % in 2010. Egypt's imported food recorded 32.4, 31.5, 25.1 and 19.1 % in the corresponding period while Nigeria's imported food were 19.9 % in 2000 and 10.3 % in 2010 as a percentage of all merchandise imports (World Bank, 2013). However, Bangladesh's food imports declined during the corresponding period from 23.6 % in 1990 to 16.5 % in 2010.

The World Bank reports point out the high dependence of MMCs on imported food. For example, Indonesia, the largest MMC's food import as its percentage of merchandise goods was 5.1 % in 1990, 10 % in 2000 and 8.5 % in 2010. In similar fashion, MMCs in the Middle East and North Africa (MENA) do not fare well. In 1990, Morocco's food import as percentage of merchandise goods recorded 9.8 %, 13.8 % in 2000, and 11.5 % in 2010 and Iran's food import was 19.0 % in 2000 and 15.4 % in 2010. Saudi Arabia had the highest food import rate at 18.5 % in 2000, 14.8 % in 1990 and 15.7 % in 2010. Pakistan, a MMC with a sizeable agriculture sector, spent \$US4.188 billion on imported food commodities such as milk products, dry fruits and nuts, tea, spices, soybean oil, palm oil, and sugar between July 2012 and June 2013 while its food exports was valued at \$US4.732 billion during the same period (Kundi, 2013). There is no doubt that food insecurity has the potential to undermine political and social stability in some MMCs. As the world food prices hiked in 2007–2008, there were food-related violence in MMCs like Bahrain, Egypt, Jordan, Yemen, etc. All those MMCs witnessed political upheaval in 2011 and long-standing regimes fell in Tunisia, Egypt and Libya. The increasingly unaffordable costs of basic staples were seen by many as an aggravating factor in precipitating unrest in those MMCs (Monika Barthwal-Datta, 2013:10).

Food security becomes meaningless without access to domestic and industrial water sources. The UN HDR (2006:204) emphasises the significance of access to water as a basic necessity of life and advocates governance mechanisms among nations sharing water bodies. There is lingering water scarcity in MMCs in the MENA region and sub-Saharan Africa as well as in South Asia. Physical or natural water scarcity occurs due to insufficient water, environmental degradation or unequal access to the resource (see Chap. 9). Economic water scarcity may also persist due to poor investment and management of water resources to meet demands by the poor segment of the society. Nearly all MMCs in the MENA region suffer from water scarcity. Pakistan is threatened by both physical and economic scarcity while about 66 % of Africa is either arid or semi-arid. Kumar (2013) cites the FAO's AQUASTAT, to indicate that the Arab world has the lowest water availability in the world with 500 cubic metres per person, followed by sub-Saharan Africa (1,000 m<sup>3</sup>) (see Chap. 9). Asia-Pacific has an average of 2,970 m<sup>3</sup> compared to the Caribbean (2,466 m<sup>3</sup>), Europe (4,741 m<sup>3</sup>), Latin America (7,200 m<sup>3</sup>), and North America and Mexico (13,401 m<sup>3</sup>). In many cases, the rural areas are worst hit by water scarcity as focus is always on the urban centres which attract huge populations and industrial clusters while the rural population groans under acute water scarcity (see Chap. 9).

Persistent scarcity and lack of access to fresh water could trigger humanitarian crisis and human security threats in a region. The UN HDR (2006:204) states that 'Water sharing is not a zero-sum game'. It seeks 'trans-boundary water governance' to prioritise human development regarding water. Protracted intra-state conflicts

have resulted over natural resources such as water and minerals (Alao, 2007; Collier & Bannon, 2003; Ukaga, Ukiwo, & Ibaba, 2012), especially where the people are pushed to the limits of endurance of scarcity. But it should be emphasised that water sources must be used for industrial, commercial and economic activities in order to secure people's freedom from want. Falkenmark (2001:541) mentions the many functions of water: 'for societal human lives; for health; for food production; for industrial production; generation of income; for energy production; for navigation; and so on'. These areas contribute to economic security and freedom as well as human security.

Some MMCs are also rated poorly in terms of adult literacy, which is a critical component of freedom from want. Only Indonesia and Turkey surpassed the global average of adult (15 years and above) literacy rate with 92.6 % and 90.8 %, respectively, during the period 2005–2010. Pakistan recorded a 54.9 % literacy rate, Bangladesh 56.8 %, Nigeria 61.3 %, Egypt 72.0 %, Algeria 76.2 %, Morocco 77.6 %, Iraq 78.2 % and Iran 85.0 % (see Chap. 10). All these data show that many MMCs lagged in virtually all indicators of economic and social well-being that would ensure 'freedom from want'.

## 2.6 Conclusion

The concern for human security is as old as human civilisation. Freedom from want or economic freedom remains a central component of human security wherein employment is a cardinal aspect of human life. In fact, it is a potent anecdote to social ills and crimes, which result from idleness, poverty and youthful indulgences. Every strata of the Muslim population is encouraged to contribute to the wellbeing, growth and sustenance of the society through beneficial economic activities. As such there is no conflict between Islam and the concept of human security. Due to lack of security and safety in some MMCs, especially for minority and opposition groups, some Western writers tend to brand Islam as an intolerant faith antithetical to human security.

From the emergence of the ICRC in the Nineteenth Century, human security with its emphasis on the protection of humans from existential threats has gradually moved to the top rung of international norms. The UNDP HDR launched human security on the agenda of the UN aided by initiatives such as the HSN, the CHS, and the effort of regional and international organisations. The end of the Cold War brought out the grim urgency to depart from traditional military threats and deal with non-traditional transnational threats that undermine human security. The R2P also emerged as part of the human security initiative by emphasising the responsibility of the international society of states to pull together to mitigate natural and man-made hazards and remove global vulnerabilities and risks. The alliance of civilisations has converged to promote human security to dictate the policies and remedies for humanitarian crises.

There are quantitative and qualitative aspects of human security. The former encompasses ‘material sufficiency’ while the latter seeks ‘human dignity’ as manifested in personal autonomy, civil and political rights and economic and social freedom (Thomas, 2000:6–7). The usefulness of the human security approach as a concept and analytical tool includes its early warning and prevention component, its advocacy of shifting resources (both national and international) from defence to development aid; its elevation of development above national and security spending; and its emphasis on ‘better allocation of limited resources of international society’ (Shinoda, 2004:14). Krause (2007:13) posits that ‘promoting human security is about making states and their leaders keep their side of the basic social contract: states are created (among other things) to provide security—in order that individuals can pursue their lives in peace’. Different chapters in this Volume are to analyse how different MMCs have fared in ensuring human security in terms of ‘freedom from want’ as outlined in this chapter.

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# Chapter 3

## Islam, Property and Philanthropy: Ethical and Philosophical Foundations and Cultural Influences

Samiul Hasan

### 3.1 Introduction

Islam, literally meaning peace as well as submission (to the will of God), is a holistic religion as the Arabic word for religion, *din*, incorporates ‘the ideas of indebtedness, duty, obedience, judgment, justice, faith, religion, customary rites, etc.’ (Ali, 1938, note 207). The substantive teachings of the Qur’an and the *Hadith* constitute guidance for human beings’ behaviour on earth in relation to others (Rahman, 1982: 14). Approximately 500 verses (out of about 6,666) in the Qur’an are varying degrees of legal rulings dealing with all aspects of family relationships (e.g. 70 verses relate to marriage, and divorce), economic and financial relationships (e.g. 20 verses are on contracts, and loans), property relationships (e.g. law of inheritance; process of will making), punitive actions (e.g. 70 verses on civil law; 30 on penal law), government and administration (e.g. ten verses on constitution), judicial administration (e.g. 50 verses on sources of law in general), etc. (discussed in Doi, 2008: 29 and 45). These verses and the *Sunnah* (practice of Prophet Muhammad<sup>1</sup> as compiled in the *Hadith* literature; pl. *sunan*) form the basic foundation of Islamic principles of human relationships. These *ahadith* (plural of *hadith*) are classified as *Sunnah Tashri’ah* (rooted from the word ‘*shari’ah*’; legal *Sunnah*) or the Prophet’s activities and instructions as the head of the state and as a judge, and *Sunnah Ghair Tashri’ah* (non-legal *Sunnah*) consisting of the daily activities of the Prophet

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<sup>1</sup>God’s blessing and peace be upon him (PBUH). Muslim readers are supposed to (and reminded of the obligation) to utter the blessings to the Prophet every time they come across his name.

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(eating, sleeping, dressing) that do not form a part of the *Shari'a* (Hannan, 2003; Hasan, 2012).

Due to the holistic nature of the religion, Muslims are answerable to and need to be mindful of God's pleasure and displeasure through devoted remembrance (*taqwah*—God consciousness<sup>2</sup>) in everyday economic and social activities (Hasan, 2007). Muslims involved in creating and delivering goods and services are advised to transform every action to *ibadah* by submitting to the will of God, ensuring equity among people, and establishing justice targeting peace. Undertaking economic activities, for goods and service delivery with socially or environmentally responsible actions, to earn God's pleasure, fulfils the requirement of *taqwah* to become *ibadah* (Uddin, 2003), and form the foundation of human social behaviour promoting public benefit.

The Islamic concept of philanthropy is revealed to ensure public interest in private property so that property does not circulate among the rich (59:7). Philanthropy, in the sense of monetary or material support targeting elimination of factors causing personal sufferings of fellow human beings, has a much broader connotation and significance than charity (i.e. monetary or material support targeting remission of personal sufferings of fellow human beings). Philanthropy is the result of love of mankind and manifested in practical benevolence to promote happiness and well-being of others. Philanthropic acts thus may create security for others for food, health, education, shelter, or work. The Islamic concept of philanthropy is similar, but much more comprehensive.

The major purpose of this chapter is to comprehend and highlight essential aspects of philanthropy in Islam that are likely to ensure human security. Since the concept and practice of philanthropy is logically and philosophically related to the ethical principles and to property and human relationships, the chapter at first deals with such matters. The chapter is thus divided into three main parts. The first part ('Islamic ethical principles influencing human relationships or *muamalat*') deals with the Islamic ethical principles of human relationships highlighting the concept of public benefit (*masalih al-mursalah*). The second ('Property and economic relationships in Islam') has three sections dealing with 'human and property relationships in Islam', 'profit making conditions and essentials in Islam', and 'property, gift and inheritance'. This discussion then leads to the third part ('Philanthropy in Islam') that deals, in four sections, with obligatory regular charity, *infaq* and other forms of charitable spending, *qard al-hasanah*, and charitable foundations (*awqaf*). The concluding part, highlighting the major features of human relationships and philanthropy, asserts that Islam promotes purposive strategic philanthropy that may ensure human security even in the modern world. The work is based on a study of the Qur'an, the *Sunnah*, and other relevant scholarly works.

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<sup>2</sup> '*Taqwah*' is derived from verb *taqa* "to fear [God]" meaning godliness, devoutness, piety, God-fearing, pious abstinence, or uprightness. In general usage in the Qur'an the moral virtue of *taqwah* denotes piety, abstinence and God-fearing obedience suggesting the idea of a faith animated by work and works quickened by a genuine experience of faith. cf. *The Encyclopedia of Islam*, New Edition, E.J. Brill, Leiden; NY, 1993.



### 3.2 Islamic Ethical Principles Influencing Human Relationships (*Muamalat*)

Islam, unlike other religions, is holistic and provides guidance, among others, about social systems, economic ideologies and patterns, governmental responsibility, law of inheritance, family law, principles of justice, etc. Islam, however, cannot and does not propose a theocracy because it has no priesthood, no prelates who might rule or even decisively influence those who do, or popes or any political cardinals (Lewis, 1990). The Qur'an<sup>3</sup> and the *Hadith* outline the purpose of human life, human beings' inter-relationships, and their relationship to God and the nature, and do not specify the structure of an Islamic system of government.

The essential tenets of the Islamic political system includes: God's unity and supreme sovereignty (*tawhid*); Justice on the part of the ruler (*adalah*); obedience from the community (*bay'a*); free consultation between the ruler and the community (*shura*) (Qutb, 1953), and succession (*khilafa*<sup>4</sup>). These concepts are source of any government's form, authority, and scope because human beings' role as an owner or ruler is that of 'God's vice-regent on earth' (Gambling and Karim, 1991).

The Qur'an and the *Sunnah* (pl. *Sunan*) are the two fundamental sources of Islamic principles and dicta. The Qur'an covers three wide areas: the science of speculative theology (e.g. in comprehending, establishing and maintaining human beings' relationships with the Creator), ethical principles (e.g. about economic relationships and systems; roles and qualities of the leaders), and rules of human conduct (e.g. law of inheritance, relationships within and across genders, and with the followers of other religions) (Nomani & Rahnema, 1995). The *Sunnah* (in the form of the Prophet Muhammad's words, acts, and consents), compiled as the *Hadith* (pl. *ahadith*) literature explains and complements the text of the Qur'an.

A major aspect of the *Shari'a* is that local customs (*urf*) and *adat* (customary laws) not contradicting the fundamental principle of the Unity of God (*tawhid*) or any explicit injunctions became parts of Islamic principles of social and economic relationships (Hannan, 2003),<sup>5</sup> especially among the Sunni Hanafi School.<sup>6</sup> There is also the principles of *hukm al-makan* (that are place-dependent rulings), *hukm al-zaman* (time-dependent rulings), and *hukm al-ahwal* (circumstance-dependent rulings) (see Abdalla, 2012) emphasising 'public interest' (*masalih al-mursalah*).

<sup>3</sup>The Qur'an actually gives solutions for and rulings on different historical issues and provides explicit and implicit rationales behind the solutions and rulings that has remained the fundamentals of general principle of administration and management in Islam (See Rahman, 1982).

<sup>4</sup>This concept has been a source of contention between the Sunni Muslims and Shi'a Muslims. Shi'a Muslims use *imamah* (rather than *khilafa*) to include both religious and political dimensions in a true ruler. The *Khilafa* (for the Sunnis) do not require any particular religious legitimacy and is based upon: consultation (*shura*), choice or election (*ikhtiyar*), contract (*aqid*), and allegiance (*ba'ya*) (cited in Gambling and Karim, 1991: 6).

<sup>5</sup>For example, Prophet Muhammad did not mind the people of Medina dancing at festivals because it was their tradition; for more see, al-Qaradawi, 2001.

<sup>6</sup>The Malikis used a similar principle, called *athar* (shortened for '*athar al-Madinah*').



Islam, emphasising the philosophical aspects, allowed the continuation of indigenous cultural and administrative practices of every community. It was a strategy to make Islam more acceptable to the new Believers. Pluralism in Islam is further reinforced by the fact that there is no world body, and only very limited national authority allowing individuals to develop varied patterns of human relationships.

These historical incidences have shaped the characters and principles of Islamic jurisprudence. Many jurists (*fuqaha*) appreciate and defend pluralism in Islam as well as the God given legitimacy of all individuals in defining their own actions (within the fundamental parameters of *tawheed*, peace and social justice) in terms of human and business relationships. For centuries, scholars as prominent as Ibn Taymiya (d. 1328) have held the view that one global rule was not necessary for the Muslim community because the unity of Islam is far more fundamental than the unity of government—the latter being a means and not an end (cited in Rahman, 1982).

The Qur'an delineates the fundamental features of social and economic activities, and the relationships between the two. This relationship is regulated by four essential ethical principles: unity, equilibrium (*Al adl*; justice), free will and responsibility (Sardar, 1991). Political, economic, social and religious aspects of a person's life in Islam are organised along a vertical line into a homogenous whole and thus faith, family and work are not compartmentalised, but is never meant to be imposing (Naqvi, 2001; Sauer, 2002). A symmetrical balance among various elements of the 'homogenous whole' to produce the best social order is required of the Muslims because God's actions are manifestation of *al-Adl* (equilibrium or justice) (13:17). God has granted human kind trusteeship (no freehold title) of and capability (knowledge and skills) to use natural resources (22:65). Thus human beings need to harmonise their relationship with the nature as well as with fellow human beings (in relation to resource use) to protect the community's interests. Community's interests can be better secured if the individuals perform their respective duties in accordance with the framework of 'equilibrium' outlined in Islam (Uddin, 2003).

Muslims' adherence to the above-mentioned four ethical principles is significantly influenced by the fact that Islam emphasises intentions (2:225) (within the fundamental structure of accepting the unity of God and submitting to the will of God), and not the outcome of an action. The observance of the Islamic principles (of economic, political and social relationships) is thus context-dependent; so is ethics. Islamic law is not an independent entity: in real life, every law is the law of a group, of a community or of an individual embodying it. Public resources and entities are not free from this obligation. In the early Islamic State there was the office of the *hisbah*<sup>7</sup> which was fully developed under the Abbasid Caliphs (750–1258 CE) to play an important role in ensuring that government resources were managed according to the *Shari'a* (Gambling and Karim, 1991) for public benefit.

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<sup>7</sup>The Office of the *Hisbah* was created for the promotion of good and the prevention of evil following the dicta in the Qur'an: "Let there arise out of you a band of people inviting to all that is good, enjoining what is right, and forbidding what is wrong; they are the ones to attain felicity" (3:104); (Gambling and Karim, 1991: 49).

Individuals are answerable to and should be mindful of God's pleasure and displeasure (*taqwah*). *Taqwah* is not occasional remembrance, rather is undertaking every action only to seek God's pleasure (thus business activities, for goods and service delivery with socially or environmentally responsible actions, to earn God's pleasure, become *ibadah*). Muslim's spiritual progress thus obviously can be achieved through every day (routine) task or business activity (Baali, 1988; Naqvi, 2001).

Mua'malat or individuals' inter-relationships (as opposed to the *ibadah* or the 'ritual' prayers maintaining human beings' relationship to God), especially in relation to bi-lateral 'contracts' in particular 'transactions concerning credit granted by a donor to a beneficiary, is often based on rational examination (*nazar*) and argumentation (*istidlal*) and is confirmed by *ijma* (consensus). The rights created by human beings form the basis for the customs (*al-adat*) of (1) exchanges (*al-mua'malat*, e.g. buying, selling, association, giving, lending, borrowing); and (2) contracts (*al-mua'kada*, e.g. marriage, divorce, emancipation, slavery, rights of succession).<sup>8</sup>

Muslims are to emphasise public utility, interest or benefit (*masalih al-mursalah*)<sup>9</sup> in economic relationships to promote 'welfare' in the sense of 'general good' of the 'public' or the 'community'. The use of *masalih al-mursalah* ('public interest'), therefore, involves reinterpretation of relevant Quranic verses, hadith and *fiqh* materials, is permitted only in cases not related to *ibadah*, must be related to necessities (not luxuries), and must not contradict the fundamental principles of the *shari'a*.<sup>10</sup>

*Maslahah* (plural of *masalih*, interests; also spelled *maslaha*) thus can be seen as the guiding tool for all the 'secondary sources' (or 'rational sources'), as it is well construed to provide needed legislation 'for the conservation of the environment and women's rights'. This is because *maslaha* can be linked to the objectives of the divine legislation (*maqasid al-shari'a*), and 'the avoidance of harm' can be made into a positive, proactive 'enhancement of benefit' (Johnston, 2007: 158). This refers to the concept of '*la darar wa la dirar*' (no injury should be imposed nor an injury be inflicted as a penalty for another injury).<sup>11</sup>

According to Imam al-Ghazali<sup>12</sup> the Believers can be involved in economic activities that are harmonious to the objectives (*maqasid*) of the *Shari'a* (creating benefits harming none) and targeted at the protection of five essential values: the religion, human life, intellect (reason), lineage (offspring), and property (Tamaddonfar, 2001). Anything that furthers these essential values is *maslaha*. Al-Shatibi distinguished

<sup>8</sup> See '*masalih*' in *The Encyclopedia of Islam*, New Edition, E.J. Brill, Leiden; NY, 1993.

<sup>9</sup> *Masalih* (singl. *Maslahah*) from *salah* (or *saluha*) means 'utility' (opposite of injury, i.e. *madarra* or *mafsada*), see *The Encyclopaedia of Islam*, New Edition, E.J. Brill, Leiden; NY, 1993. A related concept is '*istislah*' (deemed to be right or proper); Imam Ibn Hanbal used this principle to seek the best solution in order to serve the general interest of the Muslim community.

<sup>10</sup> Not recognized by the Sunni Shafi'i school, see Esposito, 2003.

<sup>11</sup> See '*masalih*' in *The Encyclopedia of Islam*, New Edition, E.J. Brill, Leiden; NY, 1993.

<sup>12</sup> The most prominent scholar of medieval period, Abu Hamid Muhammad ibn Muhammad al-Ghazali (c. 1058–1111 CE), a Persian descent, who brought orthodox Islamic concepts and Sufism (Islamic mysticism) closer.

three levels of *maslaha* for those cases which are not covered by an explicit command or prohibition in the sacred text (*nass*): the *daruriyyat*, the ‘essentials’ that guarantee the preservation of the five essential values; the *hajiyyat* or the ‘needful benefits’, which, without being essential are nevertheless necessary in order to achieve overall well-being (*maslaha*); and any *tahsinat* (improvement) or *tazyinat* (expansion) which contribute to the refinement of human life (Johnston, 2007: 158).<sup>13</sup>

In the case of *darurat* no dependence on a textual reference is needed, thus *maslaha* itself becomes a source or justification of the *shari’a*.<sup>14</sup> According to Najm al-Din al Tawfi (or Tufi d. 716 CE/131Hijri), in all legal aspects of *muamalat* (human relationships) a primary source can be overridden if it contradicts the principle of ‘*maslaha*’ because the *shari’a* itself was laid down to protect ‘public interest’ as the ultimate purpose of the Divine Legislation. As such Muhammad Abduh (1849–1905) and his disciple Muhammad Rashid Rida (1865–1935) advocated the use of *maslaha* as a reason for legal and political reform.<sup>15</sup> Imam Al Ghazalli, in this regard, emphasises the value of *insaniyya* (‘humanness’) in Islam (Johnston, 2007: 166).

Modern usage of *maslaha* overrides a possible primary source defining *muamalat* that may contradict the ‘national interest’.<sup>16</sup> *Shari’a* can meet the socio-political needs of Muslims today if approached in a *maqasidi* way—using four interdependent strategies: (1) *shari’a* means ‘path’—not a set of fixed legal theories and practice; (2) priority must be given to the principles enunciated in the Qur’an, which in comparison with the Sunna proffers only a few specific rules; (3) the values of righteousness and equality will move us to modify many of the Qur’anic punishments (*hudud*) today; (4) thus *shari’a* can be defined as ‘a path in the purpose of the Qur’an’, that is the direct use of the *shari’a*’s *maqasid*.<sup>17</sup>

One of the best examples of ‘reinterpretation’ of Islamic law (the *shari’a*) was undertaken by Ebussuud (chief judicial officer of Ottoman Turkey in mid-sixteenth century CE) who interpreted the ‘law on many occasions, often subtly, and typically with an eye toward eliminating ambiguities, facilitating interactions, and preventing conflicts’ (Kuran, 2012: 9). There are already models of government’s initiatives in many MMCs in reforming human relationships to promote national interests. For example, many MMCs have improved family laws to suit the present-day needs making it compatible to respective civil laws within the basic principles of Islam.<sup>18</sup>

<sup>13</sup> Also see ‘*masalih*’ in *The Encyclopedia of Islam*, New Edition, E.J. Brill, Leiden; NY, 1993.

<sup>14</sup> See ‘*masalih*’ in *The Encyclopedia of Islam*, New Edition, E.J. Brill, Leiden; NY, 1993.

<sup>15</sup> See ‘*masalih*’ in *The Encyclopedia of Islam*, New Edition, E.J. Brill, Leiden; NY, 1993.

<sup>16</sup> See ‘*masalih*’ in *The Encyclopedia of Islam*, New Edition, E.J. Brill, Leiden; NY, 1993.

<sup>17</sup> Discussed by Muhammad Talibi, a professor of medieval Islamic history in the University of Tunis, see Johnston, 2007: 171.

<sup>18</sup> For an excellent discussion and analysis of major “transition and transformation” in human relationships in terms of the family law all over the world, readers may like to see An-Naim, 2002.

### 3.3 Property and Economic Relationships in Islam

The fundamental purpose of economic and social activities is to fulfil public interest (*maslahah*<sup>19</sup>) and the objectives (*maqasid*) of the *Shari'a* (see Abdalla, 2012 for good discussion). This part, in three sections, deals with three fundamental aspects related to property and economic relationships in Islam: private property and public interests, principles of profit making in Islam, and inheritance and gifts. It highlights the principles of internalising community preferences in private property relationships, equity in wealth creation (as opposed to a system of rewarding different contributions equally), and gift making that undermine the inheritance law.

#### 3.3.1 Private Property and Public Interests in Islam

The Qur'an says that mankind is created from a single couple, and made into nations and tribes, so that they know each other and do not despise each other, because the most righteous is the most honoured man in the sight of God (49:13<sup>20</sup>). Individuals must be involved in good deeds should they want to establish a good community leading to an honoured nation. The promise of Heaven by God to those involved in righteous things (4:57; 14:23) attests to the importance of such deeds. The Believers are required to submit to the will of God, pray, and to serve God by doing good to the 'parents, kinsfolk, orphans, those in need, neighbours who are near, neighbours who are strangers, the companion by your side, the wayfarer, and what your right hands possess' (4:36; also see 57:23). The long list of people that a person can do 'good' to, in the final analysis, includes the whole of humanity, with some hierarchical preferences such as the parents first, because 'neighbours who are strangers' and 'the wayfarer' are not qualified by ethnicity, religion, language, or race. God does not define or delimit 'good deeds' so it is open and may refer to any act creating public benefit (cf. Hasan, 2007). These principles define property relationships in Islam.

Islam does not allow priesthood or recognise any priestly mediation between the Believers and God, thus Prophet Muhammad warned the Believers that everyone is

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<sup>19</sup>The concept of '*maslahah*' (public interest) may be used because of necessity and particular circumstance to prohibit or permit something on the basis of whether or not it serves the public's benefit or welfare, and only in cases not regulated by the Quran, *Sunnah*, or *qiyas* (analogy). *Maslahah* because of equitable considerations can override the results of strict analogy, taking into account the public's welfare, see Esposito, 2003.

<sup>20</sup>The first figure in this reference refers to Chapter number in the Qur'an; the next one to the verse number. In subsequent references in this chapter only the digits are mentioned. Please note all verses of the Qur'an in this Chapter are taken from the English translation by Abdullah Yusuf Ali (1938).

a shepherd and will be questioned with regard to the ‘trust’.<sup>21</sup> Islam provides basic guidelines for different human actions, social responsibilities, solutions to social problems, and for involvement in mutual help for ‘inviting to all that is good, enjoining what is right, and forbidding what is wrong’ (3:104). Islamic *Shari’a* gives priority to human welfare over human liberty (Doi, 2008: 31), and delineates four basic principles defining human relationships in Muslim communities: larger interests of society take precedence over the interests of the individual; ‘relieving hardship’ and ‘promoting benefit’ are both important, though the former takes precedence; a bigger loss cannot be inflicted to relieve a smaller loss or a bigger benefit cannot be sacrificed for a smaller one; and a smaller harm can be inflicted to avoid a bigger harm or a smaller benefit can be sacrificed for a larger benefit (Doi, 2008: 34). The Qur’an proclaims that the most honoured persons in Islam are those who are the ‘most righteous of you’ (49:13), and may collectively create an ‘*ummah*’ (community) (2:143) with good deeds for public good. Thus some Western scholars opine that Islam in its seventh century CE origins was remarkably modern ‘in the high degree of commitment, involvement, and participation expected from the rank-and-file members of the community’ (discussed in Eickelman, 2002: 117). Good deeds may relate to all in the society, particularly in terms of private property.

Islamic principles of private property rights are very clear. Allah has given human beings wisdom, scope and command to improve their conditions, and made all that is in the earth subservient to human kind (22:65). Property is a blessing of God bestowed upon individuals as a trust, the trustee must discharge the trust faithfully and fear God (2:283). Prophet Muhammad established the principles of property relationships suggesting that all resources belong to God and can be used by His creatures, through legal transactions, for personal and social benefit (Zaman, 2002: 82). The Qur’an advises the Believers to invest labour and intelligence to nurture the possessed wealth for economic benefits, being away from hoarding or misuse because people who ‘pileth up wealth and layeth it by’ will face misery (104:1; 104:2).

In the Islamic concept of relationships among human beings, between human beings and the Nature, and between human beings and the Creator, everybody is responsible directly to God for their actions/inactions. Being the trustees, human beings need to harmonise their relationships with the nature as well as with the fellow human beings (in relation to resource use) to promote the community—the most important social institution in Islam. Syed Qutb thus advocates a community of uniformity placing worldly power in the service of divine harmony that can counter the ‘utilitarian philosophy of hedonistic egoism’ for the good of the commons (based on Tripp, 2005: 166–167).

Economic managers and entrepreneurs have social responsibility to fulfil in pursuit of their economic activities for profit making. Muslims as ‘individuals-in-community’ are subject to many binding constraints like: sacrificing part of the

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<sup>21</sup> The Caliph (administrator) has to answer “how he conducted their affairs”, a man has to answer “how he looked after the physical and moral well-being of the family members, and a woman is to answer how she managed the household and brought up the children” (Shahih Muslim, Book 020, Number 4496-99).

income for charity to acquire virtue, and internalising community preferences as a responsible member of society, and avoiding conspicuous consumption (e.g. luxury and extravagance) through self-restraint. Similarly, producers and traders, as ‘individuals-in-community’ are enjoined to produce community preferred goods and avoid profiteering and other unfair trade practices (cited from Imam Al Ghazali in Mehmet, 1997: 1206).

Hasan (2007) highlights property relations in Islam. Property owners are asked not to forget God’s mercy; warned not to be involved in unethical activities; advised to be transparent in wealth accumulation and expansion. The Islamic principle of property suggests that needy people have a right in the wealth of a rich person because everything belongs to God and He gracefully has bestowed some property on some so that they can be grateful and help others in charity. Thus the ‘Righteous’ who will ‘be in the midst of Gardens and Springs’ (the Heaven) are those who ‘lived a good life’ and among others remembered in ‘their wealth and possessions’ the ‘right of the (needy)’ (al-Qur’an, 51:15–19). In Islamic ethics the right to private property is decidedly lower in importance than the duty to ensure social justice (Hanafi, 2002: 67), thus Muslim’s right to personal property accompanies the responsibility of avoiding misappropriation in the pursuit of profit making<sup>22</sup> (Zaman, 2002: 80).

### 3.3.2 *Profit Making in Islam: Principles and Conditions*

Prophet Muhammad, based on the rudimentary economic activities of the seventh century CE Arabia, provided the fundamentals of market principles and profit making suggesting that the best earnings are from a blessed sale and the product of a man’s own hands created without deception<sup>23</sup> (Uddin, 2003). Islam gives great importance to value creation<sup>24</sup> and advises property owners not to leave property to those who do not have the intelligence or capability to manage and make it grow (4:5), through legal means, for self-sustenance and charity (not for hoarding or using it for undesired and unsocial purposes) (2: 275–9). The principles and objectives of *shari’a* favour real (value-adding) economic activity, sharing of profit or loss (rather than risk remoteness), creation and multiplication of wealth, and use of wealth for productive and common goods (Abdelhady, 2012).

According to Imam al-Ghazali (1058–1111 CE), Muslims are to achieve virtue in economic relationships only by internalising community preferences

<sup>22</sup> “Give the kinsman his due, and the needy, and the wayfarer, and squander not (thy wealth) in wantonness. ....” (al-Qur’an: 25–26).

<sup>23</sup> For example, the Prophet commanded not to “tie up udders of camels and sheep” (Shahih Muslim, 010: 3620–21, 3634–35, 3639) and forbade the “Sale of a heap of dates without knowing its weight” (Shahih Muslim 010: 3654–55).

<sup>24</sup> Do not sell gold for gold (Shahih Muslim, 010: 3845–48) and many other related Hadith; see Shahih Muslim, 010: 3849; Shahih Muslim, 010: 3850–53, 3856; Shahih Muslim, 010: 3854, 3856–58.

(Mehmet, 1997; Umaruddin, 2003). Muslims thus, in their quest for making a livelihood by producing and/or distributing goods and services, cannot escape the responsibility to the community they live (or run the businesses) in and the physical environment they (as individuals or businesses) are surrounded by. Muslims (as individuals and business houses) have to fulfil divine obligations guiding individual, social, and public life of the Muslims, mutual obligations of commercial and social contracts, treaty-based obligation as citizens of states, and tacit obligations living in a civil society (Ali, 1938, note 682). ‘The Muslim doctrine of economics permits degrees of individual freedom and state intervention, but leaves the determination of these degrees to the wisdom and conscience of those involved, who should take current conditions into account. This flexibility has made Muslim economies open to alternative options within its framework’.<sup>25</sup>

The Islamic economic system accepts private ownership of the factors of production, but does not ‘envision equal distribution of economic resources among individuals at all’ (Nomani & Rahnama, 1995: 37, 51) because human beings naturally can and do contribute differently to society and to the economy. Justice requires a system of reward according to the varying contributions, and cannot accept rewarding different contributions equally ignoring equity. God introduced differences among human beings in the act of creation, and the Islamic concept of social justice expresses distributional equity as well as equal access to law and opportunity (Nomani & Rahnama, 1995: 37). Islam tolerates some economic inequality to encourage hard work and appreciate skills (Smith, 2002), undermining the importance of moderation and equality of opportunity in profit making activities.

Economic activities in Muslim communities should protect everybody’s rights, especially the weak (the women and children). The Believers are responsible for helping and being just to the orphans—the weakest segment of God’s creation.<sup>26</sup> The state also has enormous responsibility in this regard, especially for protecting the infants, and in ensuring good upbringing of children with good education.<sup>27</sup> No law can be more open and straight forward in guiding the principles of justice through the acceptance of community rights and promoting universality and objectivity in the creation of human security.

In the profit making activities in Islam, the interest of society should have the priority, and be safeguarded by dutiful performance of all individuals’ obligations in accordance with the frameworks of Islam (Uddin, 2003: 28). An individual enjoys full liberty to choose and follow a path that suits his/her natural talent. The leaders are liable for God’s punishment for obstructing individuals taking their chosen economic path(s) (Mawdudi, 2007: 270). Individual economic activities, even after internalising community preferences, may result in wealth accumulation raising questions of gift and inheritance.

<sup>25</sup> Cited in Pryor (2007: 1815) from Abdul-Rauf (1979): 14.

<sup>26</sup> The Qur’an warns the Believers not to go near the orphan’s property except to improve it, until he attains the age of full strength (17:34).

<sup>27</sup> The state responsibility for the welfare of unclaimed infants is even more emphatic compared to the children living with parents because “the head of state becomes the guardian of children who have no father or guardian” (Kamali, 1999: 33).



### 3.3.3 *Wealth, Gift and Inheritance*

The law of inheritance, the fundamental of planned charity, in Islam is very elaborate. The importance of use and restrictions on misuse of wealth are manifested in the Prophet's saying: 'it is not permissible for any Muslim who has something to will to stay for two nights without having his last will and testament written and kept ready with him' (Shahih Bukhari, 4:51:1).<sup>28</sup> Caliph Ali suggested to give up extravagance, be moderate in expenditure, not to forget the Day of Reckoning and Judgement for the pleasure of 'today', to keep money strictly for the real requirements and give away the rest to the poor (to have a provision in the next world) (Nahj al-Balagha, Letter 21). The Prophet Muhammad's wife Khadija spent all her wealth in freeing slaves; and before her death she (along with the Prophet) could hardly get a square meal a day (Doi, 2008: 31).

The pre-Islamic custom allowed property inheritance for only the children; parents (of the deceased) were to receive share only through an expressed will of the deceased (Shahih Bukhari, 4:51:10). Islam ensured logical share of all possible inheritors in the absence of a legal will. The death of a person brings about transfer of most of his rights and obligations to persons who survive him (*wuratha*—the inheritors). The rules for inheritance introduced by the Qur'an were to ensure that property is fairly distributed among the nearest kinsmen of the deceased and prevent strong individuals taking advantage of the weak (Watt, 1961: 186). After the payment of legacies and debts, the property is required to be divided among the children, spouse, parents, and siblings—everybody receiving a portion determined by the Qur'an.<sup>29</sup>

Not only at some one's death, Islam requires the Believers to give while enjoying the fruits of God's gifts because the Believers who accept the rights of the needy in their possessions (51:19) are the righteous people and 'will be in the midst of Gardens and Springs' (al-Qur'an, 51:15). Based on the verses in the Qur'an dealing with inheritance some commentators opine that a person can write a discretionary will for one-third of the property because Muslims can bequeath up to one-third of his or her net estate to people who do not inherit fixed shares or to charitable purposes (Doi, 2008); the remaining two-thirds has to follow the inheritance distribution schedule for all possible heirs as coded in the Qur'an (Ali, 1938: no. 516).<sup>30</sup> This code applies to the will and division of deceased estates, but there is no limit to *heba* (gift)—transfer of property during the lifetime of the donor without obligation

<sup>28</sup> Shahih Bukhari is a major and an authentic collection of Hadith. In the references the digits correspond to Volume, Book, and Number of the particular Hadith, respectively.

<sup>29</sup> The Qur'an also says, in order to benefit everyone, God has appointed shares and heirs to every deceased property (al-Qur'an, 4: 11–12, and 33). Irrespective of the size of property left by any individual, every child and closely related men and women have a determinate share in it (al-Qur'an, 4:7).

<sup>30</sup> Caliph Umar (of the Sunni Muslim) recommended that people reduce the proportion of what they bequeath by will to a fourth (of the whole legacy), for Allah's Apostle said, "One-third, yet even one third is too much" (Shahih Bukhari, 4:51:6).



to the recipient. The transfer of *heba* is affected by the recipient's taking possession during the lifetime of the donor, as authorised by the latter.<sup>31</sup> Throughout the history of Islam there had been 'pre-mortem' *heba* (gifts) by the property owners, and often sales of property by parents to children were veiled gifts (Marcus, 1989: 210).

The Qur'an and the Prophet from the beginning of Islam encouraged giving at its highest form. The Prophet praised individuals' desires to do so recommending sharing and gift exchange among the relatives.<sup>32</sup> Islamic inheritance law suggests that spending for family members is a form of charity. Prophet Muhammad is quoted as saying that there is no charity if there is poverty in the family or debt to be paid because the owner 'has no right to waste the wealth of people (*amwal al-nas*)'. 'Spending one's wealth even in the worthiest of causes, as in charity, may be objectionable if the prior claims of one's dependents are not met' (Nyang, 2002: 104–105). Thus it is better for everybody to leave property for the family members, if possible, instead of giving all to charity. According to Imam Ahmed ibn Hanbal, it is permissible to give special treatment, in dividing property, to a child who suffers from a handicap, or some other unusual circumstances (Hussain, 1999). The property owners are allowed to give special gifts or create expressive *waqf* comprising whole of the property for targeted person, groups, programs, or cause, as wished (see Chap. 7). In addition to the codes of profit making, gift giving, *waqf* creation, and inheritance Islam offers detailed guides on philanthropy.

### 3.4 Philanthropy in Islam

The three 'right and straight' commands in the Qur'an for the people of the Book are: to worship God, offering Him sincere devotion, being true (in faith); to establish regular prayer; and to practise regular charity. Charity in Islam, by definition, expands to philanthropy by including activities such as physical gifts (e.g. food, clothing or health), intangible gifts (e.g. influence, power or talent) and spiritual gifts (e.g. insight into good and evil, or capacity for love) or easing (i.e. the debtor's terms of loan); and to give one or many of the above items that contributes to the well-being of others is important (2: 280; Ali, 1938, note 27). The Qur'an and the *Sunnah* offer detailed guidance of philanthropy, i.e. targeting the sources of charity receivers' misery.

The Qur'an promises that the Believers' spending 'wealth for increase in self-purification' will 'attain (complete) satisfaction' soon (92:18). The practice of charity (regular as well as occasional), in Islam, is a form of prayer and one of the essentials of righteousness (the other being the regular prayer) that will yield reward from the Lord.<sup>33</sup> Sharing, reciprocity and charity are essential requirements in

<sup>31</sup> See *The Encyclopaedia of Islam*, New Edition, E.J. Brill, Leiden; NY, 1993.

<sup>32</sup> Shahih Bukhari, Book 010, Number 3764, 3765–70; 4:51:30; 2:24:540.

<sup>33</sup> Those who practice regular charity "will have their reward" (2:277; 2: 274); great reward (4: 162). Also see 2:177; 4:162 and all other verses mentioned above.

demonstrating virtue in this life in preparation for the next following the individual's ultimate accountability before the Creator on the day of final judgement (Mehmet, 1997: 1205), so philanthropy (that help create Heavenly rewards after death of the donor) is a better form of prayer. Others also may contribute to the Heavenly rewards of the deceased Muslims by performing charitable works on the latter's behalf.

God's mercy and protection is available not only through prayer, but through the involvement in giving as well.<sup>34</sup> The Believers can give charity to parents, relatives, orphans, poor, and the wayfarers to receive God's rewards (2:215). In fact, charity in a wider sense includes all help, 'from one better endowed to one less endowed'.<sup>35</sup> The Believers should be benevolent to others—rich to poor, strong to weak—since God Himself has been merciful to rich and strong. Muslims can earn God's reward by giving irrespective of ethnicity, race, religion, colour, blood or marital relationships. God's reward is beyond human beings' comprehension because He judges the doer's intentions which He is aware of (Ali, 1938, note 5501). Thus the intention of philanthropy is more important than its size. Imam al-Ghazali advises to give openly just to encourage others, but the giver must be on guard for hypocritical motives; and offending a poor man's dignity.<sup>36</sup> The charity givers can disclose their acts of charity without boasting, but the best way is to conceal them and make them reach those really in need. Islam emphasises quality of giving because the Believers shall not attain righteousness unless they give of that which they love most (3:92).

The provisions of charity in Islam are made, so property may not merely 'make a circuit between the wealthy among you' (al-Qur'an, 59:7). Two major reasons for giving in charity are to show gratitude to the Almighty and to purify the earnings.<sup>37</sup> The Believers are advised to be proactive in giving by using their wisdom to ascertain needs and provide charity to the needy (and not to wait to be asked for it) (Hasan, 2007). Purposeless act of charity is thus unacceptable (Ali, 1938, note 322) in Islam. Islam promotes purposive philanthropy, not just charity, in different forms and facets because Muslims' philanthropy, adhering to the Qur'an, is important for establishing human security.

There are guidelines for obligatory charity including charitable wealth tax (*zakat al-mal*), obligatory *ushr* on agriculture produce, and obligatory festival charity (*zakat al-fitr*); non-obligatory alms (*sadaqa*) or spending for good causes (*infaq*); *qard al-hasanah* (benevolent interest-free loan), and charitable foundations (*awqaf*), discussed below.

<sup>34</sup>The three 'right and straight' commands given to the people of the Book are: to worship God, offering Him sincere devotion, being true (in faith); to establish regular prayer; and to practise regular charity (al-Qur'an, 98:4–6).

<sup>35</sup>For more see, Ali, 1938, note 5001; also notes 179, 322, and 323.

<sup>36</sup>From al-Ghazali's 'Inner Dimension of Islamic Worship' (<http://www.soundvision.com/info/zakata/innerz.asp>).

<sup>37</sup>The Qur'an says, "Give of the good things which ye have earned, and of the fruits of the earth which We have produced for you ....." (al-Qur'an, 2:267) because God does not love those who are "niggardly or enjoin niggardliness on others, or hide the bounties which God hath bestowed on them" (al-Qur'an, 4:36–7).

### 3.4.1 Obligatory Charity (*Zakat al-Mal; Ushr; Zakat al-Fitr*)

The term ‘*zakat*’ is derived from the root word *zaka* to mean ‘increase and purification’<sup>38</sup> (Ali, 1938, note 6172). Thus the Qur’an proclaims this spending of wealth is also likely to increase in ‘self-purification’ (al-Qur’an, 92: 18), and may ‘purify and sanctify’ ‘goods’ (9:103). The term *zakat* is used with two suffixes *zakat al-mal* (on wealth) and *zakat al-fitr* (literally meaning nourishment which is payable during the festival of Eid ending the month of fasting). *Zakat al-mal*<sup>39</sup> (charity for wealth; often referred to only as *zakat*) is one of the ‘five pillars’ of Islam.<sup>40</sup> The word *amwal* (*mal*, singular) mentioned in the Qur’an includes ‘all things that people are to acquire and own, including, for example, camels, cows, sheep, land, palm orchards, gold, and silver’; gold and silver have been mentioned to mean and include all material things that can be obtained and owned<sup>41</sup> (al-Qardawi, 2000), and encapsulates all in the concept of *zakat al-mal*.<sup>42</sup> *Zakat*, according to Shi’a Muslim *fiqh*, is obligatory on nine items only (on gold and silver coins; on camels, cows and sheep; on wheat, barley, dates and raisins) (Hasan, 2007).

*Zakat* signifies alms-tax that might ‘purify and sanctify’ goods (Ali, 1938: note 5353) and is known as regular or obligatory charitable wealth tax or legal alms (e.g. Kamali, 1999). A person’s good use of wealth increases the person’s position and dignity in the moral and spiritual world (Ali, 1938, note 6172). The Prophet advised not to withhold money from charity (Bukhari, 2:24:513, 514 and 515) and to spend in Allah’s cause as much as one can afford (Bukhari, 2:24:515). Abdullah bin Mas’ud<sup>43</sup> says: ‘You are ordained to establish prayer, to practice *zakah* (9:11), and he who does not practice *zakah* his prayer is meaningless’ (al-Qardawi, 2000)

Muslims are divided into two economic groups: *zakat al-mal* payers and *zakat al-mal* takers. An individual with movable and immovable assets (excluding the

<sup>38</sup> There is also a claim that the term is derived from the Judeo-Aramaic term ‘*zakhutah*’ meaning ‘righteousness’; thus all three meanings are attached to the term, see *The Encyclopaedia of Islam*, New Edition, E.J. Brill, Leiden; NY, 1993.

<sup>39</sup> The term *zakat* appears 32 times in the Qur’an always in singular, only in Medinan passages, see *The Encyclopaedia of Islam*, New Edition, E.J. Brill, Leiden; NY, 1993.

<sup>40</sup> The other four pillars are in order of importance: the five beliefs (God, messengers, the Books, Angels, and the ‘hereafter’), regular prayer, dawn to dusk fasting for a month every year, and the Hajj (visiting and praying around the Kaba—the first Mosque).

<sup>41</sup> According to the Sunni Hanafi jurists ‘*mal*’ is everything that a person acquires and usually uses as long as there is possibility of acquiring and using it; jurists of the other Sunni Schools (Shafi’i, Maliki, and Hanbali) consider services as *mal*, Hanafi jurists do not (since it is material assets and not services that is liable for *zakat* payment) (al-Qardawi, 2000).

<sup>42</sup> ‘Fairness’ is central to ‘*zakat*’; as a charitable sharing of wealth (*muwasat*), *zakat* should be in the first instance payable from the very property on which it is imposed and only with property of average quality, *The Encyclopaedia of Islam*, New Edition, E.J. Brill, Leiden; NY, 1993.

<sup>43</sup> One of the, early converts to Islam and, prophet Muhammad’s Companions (*sahabah*, singl. *al-sahabiyy*).

dwelling unit and items for personal use<sup>44</sup>) is required to pay 2.5 % (for Sunni Muslims and 5 % for Shi'a Muslims) of his/her annual savings (over the daily necessity of life) in charity—subject to the *nisab* (the threshold), i.e. 85 g of gold (see Bukhari, 2:24:487 and 526) or 595 g of silver or equivalent amount of money or trading stock. Pearls, diamonds and other precious stones must be treated the same way as gold and silver jewellery—if they are within the limit of customary use they do not attract *zakat al-mal*, but if they exceed that limit and become a means of prohibited extravagance or accumulating wealth, *zakat al-mal* becomes obligatory (al-Qardawi, 2000).

*Zakat al-mal* (distinguished from *sadaqa*, i.e. charity or alms giving since the third century AH or the ninth century CE) became a formal and compulsory transfer system in 624 CE, i.e. in the second year of the Prophet Muhammad and his Companions' migration to Medina (Ali, 1938, note 5353). The Qur'an provides specific guidelines in the distribution of *zakat* to eight different groups of people and activities. These are the poor, the needy, those employed to administer the *zakat* fund, newly converts to Islam, those in bondage, those in debt; anything in the cause of God; and the wayfarer (9:60). Two important features make *zakat* relevant to the modern legal scholars. First, the *nisab* (or the threshold) presumed to meet basic living expenses making a progressive system possible; Second, taxing of the most common form of income (see *ushr*) in a largely agrarian society (dealing in crops and livestock) along with a tax on gross wealth not actively invested (cash, precious metals, etc.) (Powell, 2010). While the investment is exempted from the *zakat al-mal* payment, investment income is not.

Trade assets may take one of the following three forms: merchandise and inventory for sale, cash on hand or in the bank, and debts and credits extended to agents and others, minus the liabilities in the form of debts due to other people (al-Qardawi, 2000). According to Sunni *faqih*, *zakat* on business is obligatory to be paid from the earnings of business whether it is based on production, mining, fishery, shipping, supply, agriculture, services or others, as long as it is for the purpose of making profit. For industry and income from investments *zakat* is levied at the rate of 10 % on the net profit (Gambling and Karim, 1986). The Believers also have to pay *zakat* on agriculture, called *ushr*.<sup>45</sup> *Ushr*, literally meaning 1/10th of the produce (Hussain, 1999: 170) from lands using rain or natural water channels, or a half *ushr* or *nishful ushr*, i.e. 1/20th of the produce from irrigated lands, is to be offered in charity (Bukhari, 2:24:560). The Believers are advised to 'render the dues that are proper on the day that the harvest is gathered' (al-Qur'an, 6:141).

Sunni Muslims pay *ushr* on the produce irrespective of landownership, while non-Muslims pay *kharaj*<sup>46</sup> (the land tax). As long as the share of the agriculture

<sup>44</sup> Items for personal use include, for example, gold jewellery. But definitely to a reasonable limit appropriate to the local culture and/or family.

<sup>45</sup> The dicta of giving in charity from "the fruits of the earth which We have produced for you" (2:267) deemed as a reference to *ushr* (Ameen, 2004).

<sup>46</sup> For the Shi'a Muslims, *ushr* is a levy on farm produce, while *kharaj* is an annual tax on farm lands calculated on the basis of actual production (Hussain, 1999: 170).

production reaches the *nisab* (948 kg), payment of *ushr* becomes obligatory on the (sharecropper) producer as well as on the land owner. Compartmentalised calculation of *ushr* becomes irrational and a device to evade *ushr* for commercial agriculture producers who grow many different items, and not much of a particular item. Thus many jurists suggest that the *nisab* for *ushr* has to be calculated by combining all harvests together because the purpose is to ensure distributive justice.

*Zakat al-fitr* (obligatory Festival Charity ending the Fasting Month), on the other hand, is to be paid in charity for every individual (who can afford) during the *Eid* festival. The philosophy behind this charity is equity and to ensure that even the poor people are able to have good food on this auspicious day celebrating the end of the month of *Ramadhan* (dawn to dusk fasting for a month). The Prophet Muhammad made compulsory for all slaves or free-Muslims, male or female, giving 2.75 kg of the staple food<sup>47</sup> (or equivalent amount) as *zakat al-fitr* (Bukhari, 2:25:579–584, 586, and 588). It is a universal charity and any living individual (or the parents or guardians of the non-earning children) who can afford the amount is supposed to give in charity. Normally *zakat al-fitr* is required to be paid before the special prayer congregation at the beginning of the *Eid* celebration just to make sure its main purpose is achieved. In the early days of Islam, people used to give *zakat al-fitr* a day or two before the *Eid* celebration (Bukhari, 2:25:587). Prophet Muhammad established a tradition of collecting *zakat al-fitr* employing official collectors for an equitable and efficient distribution of the fund among the needy.

### 3.4.2 *Infq and Other Forms of Charitable Spending*

The Qur'an in 28 verses<sup>48</sup> advises the Believers to establish regular prayer and practise regular charity. In some other places the Qur'an uses the simple term 'spend'—alongside 'regular prayer' (e.g. 35:29; 22:35) suggesting that righteousness can be attained by giving freely 'of that which ye love' (3:92). The Qur'an advises the Believers to give 'what is due to kindred, the needy, and the wayfarer' to seek the Countenance of Allah (30:38). Allah promises that 'he who gives (in charity) will be made "the path to bliss" smooth' (92: 5). Thus spending (*infq*) for others cause has a high status in Islamic doctrine.

There has been the voluntary act of giving the poor through *sadaqa*, distinguished from *zakat*<sup>49</sup> (Kuran, 2004; Hitti, 1970). *Sadaqa* in general sense refers to

<sup>47</sup> The original dictum was one *Sa'* (an old Arabian measure equivalent to 2.75 kg) of dates or barley (the staple food of the Arabs). Each country now calculates *zakat al-fitr* equal to the price of 2.75 kg of local staple food. The volume was fixed believing it to be enough for making bread for 3 days of the celebration for a person when no work was to be available, see *The Encyclopaedia of Islam*, New Edition, E.J. Brill, Leiden; NY, 1993.

<sup>48</sup> For example verse numbers; 2:43, 177; 4: 77, 162; 5: 12, 55; 9: 5,11,18; 21: 73; 22: 41, 78; 24: 34, 56; 27: 3; 31:4; 33: 33; 58:13; 73:20.

<sup>49</sup> The terms *zakat* and *sadaqa* have been used interchangeably in the Qur'an, for example '*sadaqa*', without any qualification, is used to refer to *zakat* (Rahim, 2003; Mondal, 2003).

*sadaqa al-tatawwu* (alms of spontaneity) or *sadaqa al-nafl* (alms of supererogation) as opposed to *zakat* which is obligatory. The term *sadaqa* is rooted in ‘*sidk*’ (sincerity) of the giver’s religious beliefs and spontaneous voluntary alms-giving (Khan, 2003: 95). It falls under the general heading of charitable gifts (*birr*) or gratuitous transfers (*tabarruat*). The difference is in the intention—*sadaqa* constitutes an act performed as a means of coming closer to God (*kurba*), and must only be to please God. Further, unlike *zakat* which is designated for specified group of recipients, as discussed before, there is virtually no restriction on those whom *sadaqa* can be given to but because of the Prophet’s instructions, the relatives and neighbours are preferred recipients, though.<sup>50</sup> *Sadaqa* takers also should be truthful for their expressed need ‘even if he comes on a horse’ (Imam Malik, 58:1:4).

*Sadaqa* is a catch-all phrase to incorporate many forms of non-obligatory charity beyond *zakat*, and is important for every stages and actions of human life. It has a very wide meaning related to righteousness, speaking the truth, being true, etc. that purifies the giver (Imam Malik, 58:3:15). Muslims practise *sadaqa* primarily for four different reasons or occasions: as a part of religious rituals, as a life-cycle ritual, as a *kaffara* (for making good wrong actions or for expiation for missing obligatory rituals), and any time as a gratitude to God. Many Believers offer *sadaqa* all-round the year to show gratitude to God (mostly distributing meats from sacrificed cattle) for recovering from illness, escaping injuries (physical, financial, or social), succeeding in worldly affairs (e.g. for good academic results or getting jobs), receiving economic benefits, etc. (Hasan, 2009).

*Sadaqa*, in different forms, has been with Islam since its inception. In the early days of Islam, most Muslims did not own much material goods; nonetheless, Muslims used to adhere to the dictum that some parts of one’s property are due to the migrants from Mecca to Medina who left behind their earthly possessions (59:8). Islam requires the Believers to identify, understand, and practise such simple acts of *sadaqa* to establish a just and peaceful society. For example, reducing the debt amount for the incapable is recommended by the Prophet as a form of charity (Shahih Bukhari, 3:49:873). Offering benevolent interest-free loan (*Qard al-hasanah*) is also a form of giving in Islam.

### 3.4.3 *Qard al-Hasanah*

Islam also encourages ‘*qard al-hasanah*’ (QH; a benevolent interest-free loan) from the one with funds to one without. The QH may be sourced in the social fund (made up of *zakat*, *sadaqa* or other charity), requires the borrowers repay only the borrowed amount, fosters affection, brotherhood, and solidarity between the lenders and borrowers (Widiyanto, Mutamimah, & Hendar, 2011). Even though the lender does not claim, the *shari’a* advises the borrower to pay some compensation

<sup>50</sup> Later part of this paragraph is based on *The Encyclopaedia of Islam*, New Edition, E.J. Brill, Leiden; NY, 1993.

or profit on and above the principal amount (cf. Hussain, 1999: 178–179; Saeed & Akbarzadeh, 2001: 192–193).<sup>51</sup>

In fact, historically there were alms-houses attached to the mosques for the reception of poor funds organised on a neighbourhood basis in the form of endowed cash, supplemented, on occasion, by real estate. The administrators of these funds used to lend the cash, usually at an interest rate of about 10 % to use the proceeds as well as any income from these to subsidise the poorer residents in the neighbourhood (Marcus, 1989: 215).

In the present time, *zakat* funds have been used as QH for financing, consumption, or investment (Widiyanto et al., 2011) or resources for microcredits (Atia, 2011). Islamic QH have been effective in promoting income generating activities for people with no savings or access to commercial banks. This model is appropriate for ensuring equitable distribution of wealth through its social support system, for purpose of mutual guarantee and solidarity (Hasan, 2007).

‘Spending’ of wealth (i.e. money or materials) as well as any advantage or opportunity (that can be placed at the service of others) for advancing knowledge, science, or supporting ideals may be good options (Ali, 1938, note 6171) for strategic philanthropy. Islam promotes ‘strategic philanthropy’ by emphasising the importance of social or community benefits of philanthropic actions, only to seek the Countenance of God which should be offered proactively with good intentions (not to show-off) (see Hasan, 2007). Charitable foundations, alongside the above-mentioned philanthropic acts, have been in existence for ages in Muslim communities to offer goods and services to the needy.

### 3.4.4 *Waqf-Muslim Charitable Foundation*

Prophet Muhammad is quoted as saying that, ‘when a man dies, only three things will survive him’: continuing alms; profitable knowledge; and a child praying for him.<sup>52</sup> Establishment of Muslim charitable foundation or *waqf* (pl. *awqaf*; endowment) has the means of ensuring all three, and been popular among the Muslims. *Waqf* endowment is a process of anticipating and managing the future: a hereafter future for the person making the *waqf* endowment, and worldly future for the persons benefiting from it<sup>53</sup> (Raissouni, 2001).

<sup>51</sup> In the Ottoman Empire in a 1762 CE borrowing by the butchers’ guild an interest payment of 14.7 % was “recorded as legal profit” (Marcus, 1989).

<sup>52</sup> Quoted from Shahih Muslim, No 783 in *The Encyclopaedia of Islam*, New Edition, E.J. Brill, Leiden; NY, 1993; also see, Ozalp (2004): 238–239, Stibbard, Russel, and Bromley (2012: 785).

<sup>53</sup> Precisely because establishing a *waqf* was considered a pious act, the founders of *awqaf* often named their enterprises after themselves in the hope of immortalising the obtained status and setting aside a portion of their wealth to draw near God and secure for their souls a place in heaven (Kuran, 2001: 853).



The *waqf* is a foundation formed through voluntary donation. The term *waqf* literally means forbidding movement, transport, or exchange of something (Raissouni, 2001), and thus the ‘foundation’ must have perpetuity<sup>54</sup> (Kahf, 1999: 1, 2). Property owners can form *awqaf*, by dedicating the usufruct, of the entire estate or a portion of the estate,<sup>55</sup> to some charitable ends for the duration of the property’s existence.

Islamic law allows the creation of *waqf ahli* (family or *khas*—private or posterity *waqf*) in addition to regular *waqf khayri* (pious or *a’am* or public *waqf*). A public *waqf* serves the interest of the whole society or part of it, e.g. *awqaf* for mosques, schools, scientific research, the poor, the needy, the travellers, etc. Two fundamental principles make *waqf* valid—it must be irrevocable and made in perpetuity (Fay, 1998: 2). Perpetuity<sup>56</sup> means that the dedication of the property continues until the Day of Judgement and must be explicitly or implicitly expressed in the *waqfiya* (the deed creating the *waqf*; also known as *waqfnama*). Thus the *waqf* property must be suitable for perpetuity<sup>57</sup> by dint of its nature, legal status or accounting treatment (see Chap. 7). There also have been cash *awqaf* dedicated in perpetuity through continuity (Hasan, 2007).

Muslim charitable foundation or *waqf* (pl. *awqaf*; endowment) created for poverty alleviation and economic development have been good examples of philanthropy. In the past *awqaf* used to provide a share of bequeathed agricultural land to orphans to cultivate and benefit from the crops or bequeath grains for farmers who could not afford seeds.<sup>58</sup> *Awqaf* made the poor less dependent on the state, and indeed, were the symbol of societal self-sufficiency and ability to organise itself autonomously from the state (Aktay and Topcuoglu, 2007). The establishment of a *waqf* to benefit the donor’s own family is allowed as long as the ultimate purpose of the endowment is philanthropic benefitting the poor if the line of inheritance in the family breaks.<sup>59</sup> The principles of family *waqf* also allow the founder to be the administrator of the *waqf* with control of the endowment (Fay, 1998: 2–5), that benefit women endowers more.

<sup>54</sup> In Maliki *fiqh* (one of the four schools of Sunni Muslims) *waqfnama* can include condition that the property will return to the *waqf* creator if needed.

<sup>55</sup> *Waqf* formation at the *mard al-mawt* (the last illness) is restricted to one-third of the estate; in Maliki *fiqh* women need husband’s permission if the value of *waqf* exceeds one-third of the estate, see *The Encyclopaedia of Islam*, New Edition, E.J. Brill, Leiden; NY, 1993.

<sup>56</sup> This condition was not fully elaborated in the classical *fiqh*. The Maliki School, however, allows temporality in *waqf*, except for the *waqf* for a mosque, if willed by the founder (Kahf, 1999).

<sup>57</sup> ‘Perpetuity’ in *waqf* in recent times, however, is defined as a century (Cizacka, 1995: 319). Egypt in the early 20th century limited the family *waqf* to a maximum of 60 years except for religious *awqaf* which are to remain ‘perpetual’ (Stibbard et al., 2012: 797).

<sup>58</sup> With conditions that the farmers would return the grains after the harvest so that another group can benefit from, and so forth. In spite of the fact that grains are part of food products and are not fit for *waqf* because they are perishable and consumable, the people in the above example, bequeathed grains in perpetuity, “though this continuity is analogous rather than actual” (Raissouni, 2001).

<sup>59</sup> See McChesney, 1995 for details.



From the early days of Islam, women were major endowers of *awqaf*.<sup>60</sup> Islam allowed Muslim women access to property, irrespective of social, economic, or marital status. Islam's acceptance of women as the creator and manager of a *waqf* is seen by many as a major area in the traditional Muslim society in which women approached equality with men, and became contributors to women development. Islamic property law guarantees women's right to own property, the *waqf* gives additional legal sanction and protection to women's property ownership and control because *awqaf* are regulated by Islamic law and comes under Islamic court authority.

Women founded (private) family *awqaf*,<sup>61</sup> as a court-sanctioned trust, naming the self as the administrator (*nazira*), and controlled the income. By creating a *waqf*, women were able to safeguard their property from predatory relatives, benefit from its income during their lifetimes,<sup>62</sup> ensure their right to manage it, and pass it on to their designated heirs.<sup>63</sup>

Women property (mainly estate) owners from all walks of life—rich and poor, noble families, rulers' households, ordinary families—over the ages have endowed<sup>64</sup> (as *awqaf*) all manners of income-producing property, and can be said to have been in a position to influence the major economic activities in urban as well as rural areas.<sup>65</sup> In the Ottoman Empire 43 % of the *awqaf* were created by ordinary people and the rest by members of the elite including about 1–2 % of the total by the sultans. Forty percent *awqaf* in Istanbul was created by women (Stibbard et al., 2012: 796). In the nineteenth century Tripoli, where daughters were almost always among the beneficiaries of family *awqaf*, 47 % of all new *awqaf* were founded by women (Kuran, 2001: 860).

Property ownership by Muslim women had not been limited to a small number of elite women. Studies from various regions and periods found that women from all walks of life—rich and poor, women of noble families, of rulers' households as well as of modest origin—constituted between 20 and 50 % of the *awqaf* creators (depending on the specific study). The very fact that women endowed and administered the property proves that women were actively engaged in economic and financial matters in Muslim communities (Hoexter, 1998: 481–482). These women

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<sup>60</sup> This paragraph is based on Hasan, 2007, Chap. 9.

<sup>61</sup> The family *waqf* rules allow the founder to become the administrator, giving him/her control of the endowment (Fay, 1998: 2).

<sup>62</sup> This should not undermine the fact that women were also members of their society and used to create *awqaf* for reasons linked to their gender or class, as well as to the social and economic conditions of the time, Fay, 1998.

<sup>63</sup> This paragraph is based on Fay, 1998: 2.

<sup>64</sup> Studies from various regions and periods found that women constituted between 20 % and 50 % of the endower population (depending on the specific study) (Hasan, 2006).

<sup>65</sup> Women endowed urban commercial, residential and agricultural properties including shops, workshops, warehouses, living units, mills, waterwheels, watering troughs, springs, courtyards, gardens, coffeehouses, a public bath, and productive agricultural land, as well as a funeral home (an enterprise where the bodies of dead Muslims were prepared for burial) (Fay, 1998: 3).

through their *awqaf*, naturally, financed varied philanthropic activities for public benefits like educational institutions, skills training, health services, public baths, etc., often exclusively for women.

Due to relatively higher possibilities of creating long-term benefits for the property inheritors as well as the public, and being protected from public confiscation or private misappropriation, *awqaf* have been formed in all communities. At the end of the eighteenth century, the combined income of the roughly 20,000 *awqaf* equalled one-third of the Ottoman state's total revenue. In 1923, when the Republic of Turkey was established, 75 % of the country's arable land belonged to *awqaf*. Around the same time close to 13 % of the arable land in Egypt and 14 % in Iran was under *waqf* arrangement. Comparable estimates are unavailable for assets other than land, but it is known that the *waqf* system was used to control a vast array of urban assets, including residences, shops, and production facilities.<sup>66</sup> *Awqaf* over the years created sources of human security with the provision of goods and services as well as women's security.

### 3.5 Conclusion

The Islamic principles promoting and accepting plurality help create and sustain variety in social systems and human relationships in the modern globalised world within the fundamental ethical code of equity and social justice. Islam provides detail guidelines on human, property and economic relations. Islamic jurisprudence (*fiqh*) on the matters is flexible incorporating *urf* (norm) and *adat* (local custom; or customary law) promoting the principle of hukm (rulings) of *al-makan* (that are place-dependent), *zaman* (time-dependent) and *ahwal* (circumstance-dependent) emphasising context dependence.

The principles and objectives of the *shari'a* favour economic activities to create and multiply wealth within the basic guidelines of profit and loss sharing. Modern instruments of economy, profit making and wealth creation are acceptable in Islam, but their exploitative use is not because in Islamic ethics the right to private property is lower in importance than the duty to ensure distributive justice.

There are defined and detailed instruments of distributive justice in the forms of obligatory charitable wealth tax (*zakat al-mal*), obligatory *ushr* on agriculture produce, and obligatory festival charity (*zakat al-fitr*) as well as non-obligatory alms (*sadaqa*) or spending (*infaq*) for good causes. There are also the concept of *qard al-hasanah* and charitable foundation (*waqf*). Islam promotes purposive strategic philanthropy to ensure human security even in the modern world. Muslim philanthropy, adhering to the Qur'an, is important for establishing human security through the provision of food, health, education, shelter, or work, and security for women.

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<sup>66</sup>These are cited in Kuran, 2001 from other important sources, e.g. *The Encyclopaedia of Islam* and *Shorter Encyclopaedia of Islam*.

Islam offered women rights to equality (in economic and social aspects), to education,<sup>67</sup> to individual ownership of land, rights to inheritance at a time when women were regarded as property (in other contemporary societies). Islam's philanthropic activities are likely to offer human security in many dimensions as well as in ensuring gender equality. Nonetheless, as discussed, the principles and instruments of human security as propounded in Islam have varied interpretations and manifestations resulting from the flexibility in Islamic jurisprudence. Thus philanthropy and the third sector in MMCs are likely to develop differently; have they? With what varied impacts to the local human security issues? These are the major premises of analyses in this Volume.

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<sup>67</sup> Islam emphasizes learning without any differentiation in educational opportunities for boys and girls because Prophet Muhammad said “acquiring knowledge is compulsory for all Muslim men and women”.

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**Part II**  
**Philanthropy and the Third Sector**  
**in MMCs: Policy, Legal**  
**Framework, and Challenges**

# Chapter 4

## Philanthropy, Laws, and the Third Sector

### Growth: Analyses from MMCs

Samiul Hasan

#### 4.1 Introduction

Expressions such as “help,” “join together,” and “mutual consultation” attached to “association” are in the Guidance for human beings contained in the Qur’an revealed through the Prophet Mohammad for 23 years beginning in 610 CE. The Qur’an invites the Believers to follow the Guidance promising rewards for conducting “their affairs by mutual Consultation” (al-Qur’an, 42:38),<sup>1</sup> helping each other in righteousness and piety (not in “sin and rancor”) (5:2), and by joining together in mutual teaching of the Truth<sup>2</sup> because whoever recommends and helps a good cause becomes a partner therein.<sup>3</sup> The Qur’an thus ordains that “band of people” “inviting to all that is good” is to “attain felicity”<sup>4</sup> (3:104). Consequently “association” is an Islamic concept that is enshrined in the constitution of all 47 Muslim majority

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<sup>1</sup>The first set of digits in this citation refers to the chapter in and the second to the verse number in the Qur’an. In subsequent places in this chapter only the digits are used without repeating “Al Qur’an.”

<sup>2</sup>Verily Man is in loss; Except such as have Faith, and do righteous deeds, and (join together) in the mutual teaching of Truth, and of Patience and Constancy (3:102–103).

<sup>3</sup>Whoever recommends and helps a good cause becomes a partner therein: and whoever recommends and helps an evil cause, shares in its burden: and Allah hath power over all things (4:85).

<sup>4</sup>“let there arise out of you a band of people inviting to all that is good, enjoining what is right, and forbidding what is wrong; they are the ones to attain felicity ” (3:104).

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countries (MMCs) of Africa and Asia—the subject of this Volume. The constitution (Basic Law) of the Kingdom of Saudi Arabia is not explicit in this regard, but highlights mutual cooperation in good deeds and piety and mutual support and inseparability (discussed later).

Most MMCs have laws for people's associations, defining the latter's rights, financial relationships, accountability procedures, and functional jurisdiction, among others. Muslim communities have cherished charitable foundation (*waqf*) laws since the seventh century CE.<sup>5</sup> Situation is not different in any of the present MMCs. MMCs, in particular in Asia, have a very long tradition of third sector laws. For example, regulatory regimes for third sector organizations<sup>6</sup> (TSOs) in South Asia were initiated during the colonial period through the enactment of the Societies Registration Act in 1860. This Act was followed by the Indian Trust Act in 1882, the Charitable Endowment Act in 1890, the Cooperative Societies Act in 1904, and the Trade Union Act in 1925. There were also the Charitable and Religious Act (1920) and the Mussalman Wakf Validating Act (1923). In other parts of the world, there were the Statute Book of 1870 in Indonesia and the Ottoman Waqf Law of 1863. These legal instruments were meant to monitor activities of the local organizations, but became the impetus for third sector growth.

Islamic law has been defined by many early jurists to develop different *madhhab* (doctrine; commonly known as “school”) (see Hasan, 2012a) followed by Muslims in different parts of the world (Fig. 4.1; for more see Hasan, 2012a). Islam, in particular the most liberal and widely followed Sunni Hanafi School, emphasizes “public interest” (*masalih al-mursalah*),<sup>7</sup> and approves *urf* (norm) and *adat* (local custom; or customary law) that are not contradictory to the Unity of God or anything explicitly forbidden in the Qur'an while dealing with contemporary local issues. These principles promote and accept plurality in social relationships (Hasan, 2012a) in the modern globalized or cosmopolitan world, and are likely to influence third sector laws differently. Furthermore, many current MMCs were colonies of European powers, as follows: British (15), French (14), Portuguese (02), and Dutch (01). Seven of the remaining MMCs (Bahrain, Egypt, Kuwait, Qatar, Oman, Saudi Arabia, and the UAE), did experience no direct colonial rule but endured British colonial influence for up to

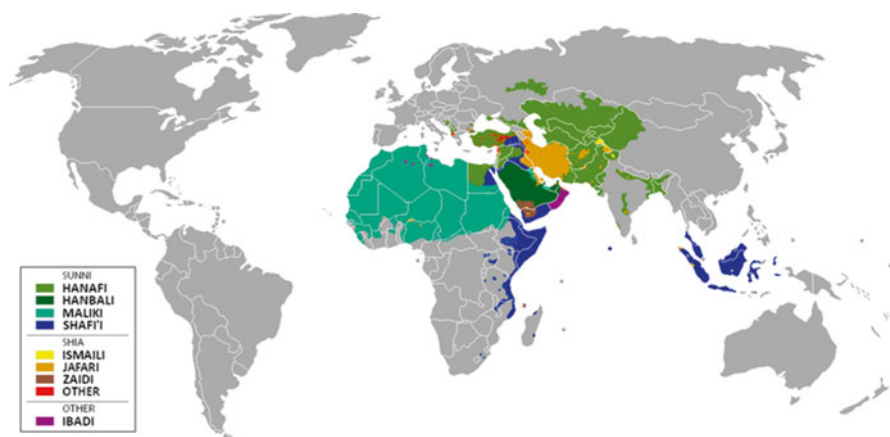
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<sup>5</sup> *Waqf* is a foundation formed through voluntary donation by the owner of a property dedicating the usufruct to some charitable ends for the duration of the property's existence. For more please see Chap. 7.,

<sup>6</sup> The term “third sector organization” is used here in a comprehensive sense to include “civil society organization” (seen from a political perspective, i.e., state failure), not-for-profit organization (business perspective, i.e., market failure), and non-government organization (development perspective, i.e., policy failure). “Third sector organization” can also be seen from a positive (right establishing and service entrepreneurship) public policy (management) perspective referring to organizations with private (formal/informal) group interaction, (public) utility creation, and non-profit distributing, see Chap. 1; also Lyons, 2001.

<sup>7</sup> The Maliki School (followed mainly in North Africa and to some extent in sub-Saharan Africa and the Gulf states of Bahrain, Oman, Kuwait, and the eastern part of Saudi Arabia) “gives equal importance to public interest (*masalih al-mursalah*), analogy (*qiyas*), and the juristic preference (*ijtihad*)” (see Hasan, 2012a; and Chap. 3).





**Fig. 4.1** Islam and its Madhhab across the Muslim majority countries; see Hasan, 2012a. [http://en.wikipedia.org/wiki/File:Madhhab\\_Map2a.png](http://en.wikipedia.org/wiki/File:Madhhab_Map2a.png)

150 years ending in 1971 (Table 4.1). Legal systems of these MMCs were influenced by past colonial laws and experiences. Individuals only in five MMCs (Bangladesh, Pakistan, Indonesia, Malaysia, and Turkey) could form associations with express written or unwritten consent, but without any formal documentation (i.e., a constitution or by-laws), incorporation, or registration. Thus, understanding how these laws fared and how constitutions were reflected in gratifying philanthropy and third sector associational activities in MMCs is important for this Volume.

This chapter provides a comparative analysis of philanthropy and third sector laws of 47 MMCs in Africa and Asia. (It, however, excludes the *Waqf* laws that are dealt with in Chap. 7.) The chapter is divided into three major sections according to the colonial history, since European colonization significantly influenced political and administrative systems in Africa and Asia (Hasan, 2012c); third sector laws in all likelihood had a similar effect. The first section includes countries with British colonial past,<sup>8</sup> while the second includes countries that had non-British European colonization such as Dutch, French, and Portuguese. The third section examines countries that were never subjected to a European colonial system. Each section addresses primarily three aspects: legal features and systems of the TSOs; regulatory mechanisms that guide functional, financial, and governmental relationships of the TSOs; and financial tools influencing growth and activities of the TSOs. The concluding section endeavors to analyze relationships between the third sector legal environments with possible influencing factors such as economic status, colonial

<sup>8</sup>It may be argued that dividing the countries along the legal systems (Civil or Common) could have been a better approach. During the research, it was, however, revealed that “colonial influence” has been most important in differentiating the legal characters. So the legal system in a civil law country without colonial heritage (e.g., Turkey) has developed differently than a civil law country with French colonial past (e.g., Tunisia). Then there is Saudi Arabia, not following either of these two systems.

**Table 4.1** MMCs: state, society, government, economy, and the third sector legal environments

Name	GDP/ Capita PPP\$ HDR2013	Colonial past	Civil/ common law	Government formed by	Law	Tribe dominance	Spatial community influence	Weak state score	Military in politics
Afghanistan	1,000	N/A	Civil	Election	Enabling	Medium	Medium	1.65	Yes
Algeria	7,418	French	Civil	Election	Enabling	Medium	High	6.07	Yes
Azerbaijan	8,153	USSR	Civil	Election	Restrictive	High	Medium	6.54	No
Bahrain	19,154	N/A	Common	Heredity	Restrictive	High	Low		No
Bangladesh	1,785	British	Common	Election	Enabling	Nil	High	5.64	Yes
Brunei	45,690	British	Common	Heredity	Neutral	Nil	Medium		No
Burkina Faso	1,202	French	Civil	Election	NA	High	Low	5.51	Yes
Chad	1,258	French	Civil	Selection	NA	High	Low	3.9	Yes
Comoros	986	French	Civil	Election	NA	Low	High	5.2	Yes
Djibouti	2,356	French	Civil	Election	NA	High	Low	5.31	Yes
Egypt	5,401	N/A	Civil	Transition	Enabling	Nil	High	6.5	Yes
Eritrea	531	British	Common	Election	NA	High	Medium	3.84	No
Gambia	1,731	British	Common	Election	NA	High	Medium	5.79	Yes
Guinea	941	French	Civil	Selection	NA	High	Low	4.67	Yes
Guinea Bissau	1,042	Portuguese	Civil	Selection	NA	High	Low	4.16	Yes
Indonesia	4,154	Dutch	Civil	Election	Enabling	Nil	High	6.49	Yes
Iran	10,695	N/A	Civil	Election	Enabling	Nil	High	6.25	No
Iraq	3,557	British	Common	Election	Neutral	High	Low	3.11	Yes
Jordan	5,272	British	Common	Heredity	Enabling	Medium	High	7.74	No
Kazakhstan	10,451	USSR	Civil	Election	Neutral	High	Medium	6.92	No
Kuwait	52,793	N/A	Common	Heredity	Restrictive	High	Nil		No
Kyrgyzstan	2,009	USSR	Civil	Election	Neutral	High	Medium	6.39	No

Lebanon	12,364	French	Civil	Election	Enabling	Nil	High	7.02	Yes
Libya	13,765	British	Common	Transition	NA	High	Medium	6.8	Yes
Malaysia	13,676	British	Common	Election	Enabling	Nil	High	8.2	No
Maldives	7,478	British	Common	Transition	NA	Nil	Low	7.25	Yes
Mali	853	French	Civil	Election	NA	High	Low	5.85	Yes
Mauritania	2,174	French	Civil	Selection	Neutral	High	Low	5.3	Yes
Morocco	4,384	French	Civil	Heredity	Enabling	High	High	7.11	No
Niger	701	French	Civil	Election	NA	High	Low	4.88	Yes
Nigeria	2,102	British	Common	Election	Neutral	High	Medium	4.6	Yes
Oman	24,092	Portuguese	Common	Heredity	Neutral	High	Low	8.46	No
Pakistan	2,566	British	Common	Election	Enabling	Low	High	5.23	Yes
Qatar	87,478	N/A	Common	Heredity	Restrictive	High	Low		No
Saudi Arabia	22,616	N/A	Shari'a	Heredity	Restrictive	High	Low		No
Senegal	1,653	French	Civil	Election	NA	High	Medium	6.28	Yes
Sierra Leone	881	British	Common	Election	Neutral	High	Medium	3.77	Yes
Somalia	–	British	Common	Transition	NA	High		0.52	Yes
Sudan	1,848	British	Common	Election	Neutral	High	Medium	3.29	Yes
Syria	4,674	French	Civil	Selection	Restrictive	High	Medium	6.14	No
Tajikistan	2,119	USSR	Civil	Election	Restrictive	High	Medium	5.36	No
Tunisia	8,103	French	Civil	Transition	Enabling	Low	High	7.61	Yes
Turkey	13,710	N/A	Civil	Election	Enabling	Low	High	7.18	Yes
Turkmenistan	7,782	USSR	Civil	Election	Restrictive	High	Medium	5.27	No
UAE	42,716	N/A	Common	Heredity	Restrictive	High	Nil		No
Uzbekistan	3,201	USSR	Civil	Election	Restrictive	High	Medium	5.3	No
Yemen	1,820	British	Common	Transition	Neutral	High	High	5.18	Yes

Source: Compiled and analyzed from CIA, 2014; Hasan, 2012b; 2012c; Rice and Patrick, 2008; UNDP, 2013; and other relevant materials used in the text.

heritage, legal systems, political power structures, and social systems of each country. The chapter claims that the third sector legal environments are a matter of evolution, not revolution, and that the existence of democratic social organizations without inhibiting social structures is required for the third sector, not the democracy-free-party-based elections that undermine the “competitors” by restricting the third sector’s growth. If civil society fails in creating public or community preferences, governments in MMCs (including the elected ones), not to be outshined or challenged by the third sector in the provision of human security, will endeavor to use the legal system to constrict the third sector organizations.

The chapter is based on the constitutions,<sup>9</sup> respective laws<sup>10</sup> and government documents, academic publications,<sup>11</sup> field research and consultations,<sup>12</sup> and the author’s personal communications about and observation of the activities in many MMCs under discussion including countries in South Asia, Southeast Asia, and the Gulf.<sup>13</sup>

## **4.2 Third Sector Legal Environments in MMCs Influenced by the British Colonial Systems (15: Bangladesh, Brunei, Eritrea, Gambia, Iraq, Jordan, Libya, Malaysia, Maldives, Nigeria, Pakistan, Sierra Leone, Somalia, Sudan, and Yemen)**

Eight of the fifteen MMCs with a British colonial heritage are in Asia and the rest are in Africa. Economic conditions of these MMCs vary widely from one of the poorest, Eritrea (Purchasing Power Parity or PPP\$626/capita), to one of the richest—Brunei (PPP\$50,200). Tribal power structures significantly influence social and political affairs in 10 of these 15 MMCs; Bangladesh, Brunei, Maldives, and Malaysia have no tribal influence (Table 4.1) in Muslim communities, whereas Pakistan has Medium level of tribal influence—especially in the North-Western Khyber Pakhtunkhwa region. Nine of the governments in these MMCs are elected, two are hereditary, and four are in transition. These countries with common law systems have various instruments and processes to regulate the TSOs. These organizations

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<sup>9</sup>Constitutions are available at the Richmond University: <http://confinder.richmond.edu/> last accessed on 7 August 2013.

<sup>10</sup>Laws are primarily available in the International Centre for Non-Profit Law website: [www.icnl.org](http://www.icnl.org).

<sup>11</sup>Comprehensively surveying the International Journal of Non-Profit Law (IJNL: [www.icnl.org/journal/journal.html](http://www.icnl.org/journal/journal.html)) and the Academic Searchfile database.

<sup>12</sup>The author’s field works, research consultation, and discussions with colleagues in a dozen countries in South Asia and Southeast Asia for the study of the Asia Pacific Philanthropy Information Network APPIN work (undertaken and updated between 2000 and 2007 for a website, [www.asian-philanthropy.org](http://www.asian-philanthropy.org)) are the bases of understanding of the laws, traditions, *urf* (norms) and *adat* (customary laws).

<sup>13</sup>Government documents used in the discussion on legal provisions are listed in the reference but not cited in the text not to break the flow of the text; other secondary sources used in the analyses are cited properly.

can be incorporated as a society, trust, cooperative, or nonprofit company. Due to lack of information third sector legal environments in 5 (Eritrea, Gambia, Maldives, Nigeria, and Somalia) of the 15 MMCs are not included in the discussion.

*Urf* (norms) and *adat* (local customs; or customary laws) have been a part of the legal system in most MMCs, while *shari'a* law has been in practice in Malaysia and Nigeria, though only in civil matters.<sup>14</sup> The governments of Sierra Leone and Pakistan introduced *shari'a* law (in the 1980s) on a limited scale, but local (informal) power holders apply *shari'a* law, often confusing it with the *urf* or *adat*.<sup>15</sup> These factors influence TSOs and their forms, activity, membership, staffing, funding, volunteering, and service delivery in these MMCs.

## 4.2.1 Third Sector Legal Forms

### 4.2.1.1 Societies

The most common legal form of TSO in previous British colonies is an association or society. The oldest law regulating societies was the Societies Registration Act of 1860 that is still valid in two MMCs—Bangladesh and Pakistan. Societies (as per the Societies Registration Act of 1860) may be established for promoting literature, science, or fine arts; for dissemination of knowledge and political teachings; or for charitable objectives (Ghaus-Pasha & Iqbal, 2003). There is also the Voluntary Social Welfare Agencies (Registration and Control) Ordinance of 1961 valid in both countries supplemented by the Societies Act of 1966 and the Rules of Registration of 1984 in Pakistan (Ghaus-Pasha, et. al., 2002; also see, Ismail, 2002; Sidel and Zaman, 2004). The Malaysian Societies Act of 1966 allows formation and function of societies.<sup>16</sup>

There are three requirements, according to most laws, for forming a society: agreement of a minimum of seven members, a constitution, and by-laws conforming to the provisions of the respective acts or ordinances. There are, however, some variations. For example, Jordan has three different types of association: a “society” (with seven individuals), a “private society” (with no less than three and no more than 20 individuals), or “closed society” (with one individual committing financial resources for the realization of its goals).<sup>17</sup> In some MMCs in Africa such as Sierra Leone, societies can be formed as an NGO or community-based organization (CBOs) (Government of Sierra Leone, 2009).

<sup>14</sup> Since the election of religious parties in to provincial governments in Malaysia and Nigeria, *Shari'a* law and local customs have been extended to criminal matters.

<sup>15</sup> For example, honor killing practiced in local informal arbitration in Pakistan, is a local custom with no connection to Islamic jurisprudence.

<sup>16</sup> Such as religious bodies, social, recreational, or sports organizations, social welfare groups, political parties, trade and commerce groups, youth groups, educational associations, mutual benefit societies, etc.

<sup>17</sup> For details see, Government of Jordan, 1997;2009;2010. Though called “society,” its features are akin to a “foundation” in other legal systems.

There are also welfare association laws in some MMCs. For example, the military ruler in Pakistan (occupying power in 1958) introduced the first major postcolonial legal instrument in South Asia regulating activities of the voluntary organizations. The Voluntary Social Welfare Agencies Ordinance of 1961 was a tool for regulating public activities of individuals, and a strategy to divert individuals from political activities (that were to disturb the military regime). Consequently, the government funded hundreds of voluntary organizations ready to deliver social services to the underprivileged people (Jadoon & Hasan, 2006).

#### 4.2.1.2 Foundations or Trusts

Charitable trusts have roots not only in English common law (the counterpart of “foundation” in civil law) but also in (Muslim/Hindu) religious endowment laws. Unlike a “foundation,” a trust is an incorporated body, but not a corporate legal entity, with some defined “charitable” objectives, i.e., to offer public benefits (Ahmad & Hasan, 2006). The Indian Trust Act of 1882 is the oldest regulatory act that still governs entities in Bangladesh and Pakistan. A trust is a “gift” of property to a person or institution that benefits both parties (Ghaus-Pasha & Iqbal, 2003). In Malaysia a “charitable trust” is defined (by the Trust Companies Act of 1949) as any trust or endowment over moveable or immovable property held and managed by a third party for a charitable purpose (Kasim & Hasan, 2006).

A trust is to have four essential parts: the benefactor (creator of the trust); the property (real or speculative and tangible or intangible), the trustee (an individual or a group of individuals to manage the trust), and the beneficiary (persons or purpose to be benefitted from the “trust”).<sup>18</sup> A trust may be created for any lawful purpose, and revoked at ease (Ghaus-Pasha & Iqbal, 2003). In most common law countries, there are two types of trusts: (a) public charitable trusts (to offer universal or selective benefit outside the benefactor’s family); and (b) private trusts (to benefit an individual or a group of individuals connected to the benefactor). Public trusts offer operational flexibility to the benefactor providing legal protection for private acts of charity,<sup>19</sup> and thus have been popular.

#### 4.2.1.3 Cooperatives

Cooperatives were brought to South Asia by British colonial authorities, and were regulated by the Cooperative Societies Act of 1904 (revised in 1925). Cooperatives in South Asia (including Bangladesh and Pakistan) are considered nonprofit

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<sup>18</sup>The declaration may or may not specify rules under which the trust may operate, but must specify the purpose for which it is being created and the property vested to it (Ghaus-Pasha & Iqbal, 2003).

<sup>19</sup>“Charity” or “charitable objectives,” as defined in the Transfer of Property Act in Pakistan, may include the advancement of religion; knowledge; commerce, health, and safety of the public; and any other object beneficial to mankind (Ghaus-Pasha & Iqbal, 2003).

entities. Ten people can form a cooperative society in Bangladesh by contributing capital, by drawing up a constitution as per rules set in the Cooperative Societies Ordinance of 1964, and by registering with the Registrar of Cooperative Societies. Co-operative societies in Bangladesh as well as in Pakistan are regulated under the Co-operative Societies Act of 1925 and Co-operative Societies Rules of 1927, and are involved in agriculture, fisheries, housing, and credit provision (Ahmad & Hasan, 2006; Jadoon & Hasan, 2006).

In Malaysia, cooperatives (*Koperasi*), created to cater to the needs of farmers, borrowers and consumers according to the Cooperative Societies Act of 1993 are mainly member serving entities offering the best at the lowest price. Profits generated from the operations is “recycled” to offer services or distributed to its members as “dividend” (in-kind or as financial benefits). Cooperatives in Malaysia could also be formed for public benefit (Kasim & Hasan, 2006).

#### 4.2.1.4 Nonprofit Companies

Inherited from English Corporate Law, TSOs in these common law countries are also incorporated as a nonprofit or “not-for-profit company,” albeit limited by guarantee. A nonprofit company (NPC) is established following the Company Law, committing a non-distribution clause in its memorandum, and registering with the Registrar of Companies. Nonprofit companies for public service are formed in Bangladesh, Jordan, Malaysia, and Pakistan.

Nonprofit companies operate much like any other profit making company, but are limited by guarantee not by shared capital (Iqbal, Khan, & Javed, 2004). “Nonprofit companies” in Malaysia are allowed to be involved in economic activities (but not in political activities or to have names that reflect or bear resemblance to any political party) with suffixes such as foundation, institute, academy, corporation, alliance, federal, chamber, council, fund, memorial, or center (Kasim & Hasan, 2006). A nonprofit company (NPC) can be established for the promotion of arts, culture, education, environment, health, human rights, sports, or similar services. NPCs in Pakistan may also operate for religious purposes and development (Government of Pakistan, 1994; also see Ghaus-Pasha & Iqbal, 2003). There are also not-for-profit organizations created by specific acts of parliament such as Palli Karma Sahayak (rural job assistance) Foundation (PKSF) formed in Bangladesh.

#### 4.2.2 Regulatory Instruments and Systems

There are various laws and government departments to regulate and supervise TSOs (Table 4.2). Two legal instruments regulating most TSOs in Bangladesh and Pakistan are the Societies Registration Act of 1860 and the Social Welfare Registration Ordinance of 1961. These two laws are simple, have straightforward provisions, create limited liability for the members, and are thus very popular.

**Table 4.2** Third sector legal environment in MMCs

MMC	Registration; ministry or department	Minimum for association (members)	Minimum for foundation (funds)	Easy to register	Non-restricted field of activity	Tax exempt	Tax benefit
Afghanistan	Economy and NGO		About US\$100		No pol. activity (1)	Yes	NA
Algeria	Compulsory (2)	Unspecified	Unspecified	Yes	Limited		
Azerbaijan	SSC, Justice (28)		US\$12,500		No (26)	No	No
Bahrain	Social Affairs (29)	NA		No	No (3)	No	No
Bangladesh	Social Welfare	7	Unspecified		Yes	Yes	Varies
Brunei	The Registrar	10	X	No	No	No	No
Burkina Faso		20	X	X	X	X	X
Chad	X	X	X	X	X	X	X
Comoros	X	X	X	X	X	X	X
Djibouti	X	X	X	X	X	X	X
Egypt	Justice (25)	10	3+ 100,000 E. pound	Yes	No (4)	Yes (5)	Yes 10 %
Eritrea	X	X	X	X	X	X	X
Gambia	X	X	X	X	X	X	X
Guinea	X	X	X	X	X	X	X
Guinea Bissau	X	X	X	X	X	X	X
Indonesia	Justice (23)	Varied	1 person + 1 m Rp		Yes	Partial	Partial
Iran	SMB (24)	Unspecified	Unspecified	X	Specified	Yes	Yes
Iraq	NGO Department (6)	Unspecified	Unspecified			Yes (7)	
Jordan	RMC (8)	7 Foreign <25 %	3 + 500 dinar	No(9)	Yes		Partial
Kazakhstan	X	X	X	X	No state funds	X	X
Kuwait	Line Ministry	10	Unspecified	No	No	No	No
Kyrgyzstan	NA	3	One	No (10)	No; see footnote 42	No	No
Lebanon	To notify (11)	Unspecified	Unspecified	Yes	Yes (12)	Yes	Yes
Libya		50		No	No	No	No
Malaysia	Registrar of Societies	Seven	Unspecified	Yes	Yes	Yes	Yes
Maldives	X	X	X	X	X	X	X
Mali	X	X	X	X	X	X	X





Laws and their implementation in many MMCs implicitly restrict TSO activities. Most MMCs in this group prohibit political activities for TSOs as well as exclusive or partial advocacy activities. For example, according to the Nigerian Criminal Code, societies cannot be formed for “interfering with, or resisting, or encouraging interference with or resistance to the administration of the law.” The new TSO laws in Iraq prohibit activities that violate the Constitution or other Iraqi laws or to raise “funds to support candidates for public positions, or providing candidates with financial support” (Government of the Republic of Iraq, 2010). Third sector laws in some MMCs are largely restrictive and ambiguous, and have more restrictive implementation. For example, the President may prohibit a TSO that is “dangerous to the good government of Nigeria or of any part thereof.” Furthermore, a TSO wishing to engage in any activity must fulfill many conditions of the relevant ministry, department, or agency. Certain state governments in Nigeria, especially by resorting to *shari’a* law, have further restricted or subverted TSO activities.<sup>20</sup>

Some TSO laws are prohibitive. In Sierra Leone voluntary associations must demonstrate that the organization’s purposes promote well-being and welfare of Sierra Leoneans, conform to development policies of the Government, and receive no funds or assets bypassing the Sierra Leone Association of NGOs and the Ministry of Finance and Economic Development (Moore & Rutzen, 2011). NGOs in Sierra Leone are supervised by the Ministry of Finance and Economic Development, while CBOs are supervised by the Ministry of Social Welfare or the local governments. Sierra Leonean laws are very restrictive and require NGOs to have at least five staff members, an office space, and a sign board to have a 2-year license. The organizations also must agree to the Government’s “field verification visits and in-person interviews” and become a member of the SLANGO, an umbrella organization (sponsored by the government).<sup>21</sup>

Not-for-profit companies (NPCs) are existent in some MMCs, but with stricter regulatory system. For example, NPCs in Pakistan face the most complicated method of registering under the Companies Ordinance of 1984, and are required to follow the following mechanism: obtain a license from the Corporate Law Authority; register with the Registrar of Companies; have all subscribers to the “Memorandum of Association” agree to be investigated; notify the authorities of all future changes in the directorship; and send copies of all board minutes, and accounts (duly audited by a chartered accountant) to the authorities (Ghaus-Pasha & Iqbal, 2003).

Trusts in Malaysia are well regulated, and operated by a board of trustees who have their own constitution to establish rules and regulations. In addition, Malaysia also has the Trustee Holders Act of 1952 and the Trustee Berhad (limited) Act of 1995 (Act 532) to monitor the trustees and help them conduct their business (Kasim & Hasan, 2006).

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<sup>20</sup> cf. ICNL, NGO Law Monitor <http://www.icnl.org/research/monitor/egypt.html>; last accessed 29 November 2013.

<sup>21</sup> ICNL, NGO Law Monitor <http://www.icnl.org/research/monitor/egypt.html>; last accessed 29 November 2013.

#### 4.2.2.1 TSOs: Supervision and Monitoring

TSOs, in most MMCs, are closely monitored and are likely to be delegitimized, often by ambiguous laws and their discretionary implementation by the related government department. For example, the Malaysian government strictly controls TSO activities, and empowers the Minister to declare unlawful any society presumed to be involved in purposes “prejudicial to or incompatible with the interest of the security, public order or morality of Malaysia” (Kasim & Hasan, 2006). The Ministry of Labor and Social Affairs in Yemen also enjoys extensive rights to supervise and monitor association activities (Government of Yemen, 2001). Nonetheless, the law regulating associations and foundations in Yemen is the most enabling in the Arabian Peninsula, and guarantees freedom of association; but though there have been occasional complaints, the law is generally respected (Zaki, 2010).

Some countries practice a “corporate” collective responsibility in supervising or regulating TSOs. Jordan has a “Registration Management Council” that includes the Registrar—Vice Chair; one representative from each of the Ministries of Interior, Culture, Tourism and Antiquities, Environment, Political Development (or any other ministry recommended by the Cabinet); four individuals with expertise in charitable or volunteer work appointed by the Council of Ministers. There are also “purpose-made” departments to regulate TSOs such as the Corporate Affairs Commission in Nigeria. Different tiers of governments in Pakistan have different levels of authority for monitoring TSO activities, but the monitoring committee at each tier must have TSO representation. (Ismail & Baig, 2004; Jadoon & Hasan, 2006)

The current federal law<sup>22</sup> in Iraq provides for an NGO Department in the Secretariat of the Council of Ministers for registering, supervising, and monitoring TSOs and their activities, but the Council of Ministers, as proposed by the Secretary General of the Council of Ministers, approves or disapproves TSOs. The Kurdistan region government in Iraq has a less stringent TSO law that “substantially improves and simplifies the process of registering an NGO.” The Kurdistan province of Iraq has vested registration authority on the NGOs Directorate under the Council of Ministers. The registration procedure in Kurdistan is also simpler, spanning only 30 days (the application is considered approved if no decision is made within that period). The NGOs Directorate in Kurdistan cannot deregister any TSO; only “a court of first instance” can if a lawsuit is filed by the Department alleging violation of the “Constitution or the laws enforced in the Region,” and that the TSO failed to “remove the violation” as detected by the supervisory Department (Government of (the Region of) Kurdistan, 2011<sup>23</sup>).

<sup>22</sup>A proposed “Law on Freedom of Expression, Assembly, and Peaceful Demonstration” is under consideration in the Parliament in 2013.

<sup>23</sup>Also ICNL, NGO Law Monitor <http://www.icnl.org/research/monitor/egypt.html>; last accessed 29 November 2013.

Cooperatives have similar overseeing regimes in most MMCs in this group. The Registrar of Cooperatives in Bangladesh and Pakistan controls the cooperatives through the Co-Operative Societies Act of 1904 (revised in 1925), and Cooperative Societies Ordinance (CSO) of 1964. Cooperatives are supervised and monitored by a cooperative officer and must submit an annual report, hold regular and annual general meetings; and may face dissolution by the government, may have elected committee dissolved, or face governmental inquiry. Cooperatives in Pakistan, usually termed “cooperative societies,” are registered with the Registrar of Cooperative Societies, and fall under the provincial jurisdiction. The Department of Cooperative Development of Malaysia administers the Cooperative Societies Act of 1993 to ensure that the cooperatives play effective roles in socioeconomic development of the country. Malaysia also has a unique system of dealing with the trusts (George, 2002).

### 4.2.3 *Enabling Instruments: Tax Treatment and Systems*

Table 4.2 provides an overview of tax treatment of the TSOs in all MMCs. Among the 15 countries in this group, Pakistan and Malaysia have contributed significantly to the expansion of third sector activities by combining *zakat* with the tax system—the amount of *zakat* paid in a year is deducted from the income for that year (see Chap. 5 for more). In addition, any money paid in charity in excess of the payable *zakat* is treated as charitable donations to receive tax benefit (Ismail & Baig, 2004). The Malaysian Inland Revenue Department (in July every year) prepares an annual list of organizations, clubs, funds, foundations, trusts, associations, etc. authorized to offer tax deduction on donations for that year. All donations to the listed organizations become tax deductible for the year. Other third sector activities or organizations such as public or private funds, established for constructing, extending, or upgrading educational institutions; providing scholarship/grants to individuals for educational purposes; institutions for research, or for construction of places of worship (mosques, temples or churches) can also be exempted from taxes (on a case-by-case basis), if applied for.

All TSOs in Pakistan are allowed tax exemption only if they apply for it and are judged, for the purpose on a case-by-case basis, by the country’s Board of Revenue using specific criteria. Some other MMCs also promote TSOs through fiscal tools. Associations and social organizations in Jordan enjoy limited tax exemptions (Sherif, 2008a). Pakistan promotes TSOs working for education by providing automatic tax-exemption to nonprofit educational institutions. Furthermore, donations by individuals or business houses to TSOs with tax exemption status also become tax deductible. Tax deductibility on charity donations in Malaysia was recently raised to 15 % for companies, and for other assessments to 30 % of income.

The previous 100 % tax credit in Bangladesh for charitable donations to TSOs has been withdrawn because “businesses and industries were taking advantage of the provision and transferring funds to spurious organizations for private gain” (Khair & Khan, 2004). Tax laws in Bangladesh seems to be the most liberal towards

TSOs offering tax exemption for: income derived from property held under trust or any other legal obligation wholly for religious or charitable purposes; income used or set aside for maintenance of the above property; and income of a religious or charitable institution derived from voluntary contributions and allocated solely for religious or charitable purposes. All TSOs in Bangladesh are also exempt from corporate taxes.<sup>24</sup> Public utility NGOs in Iraq are exempt only from income tax, VAT, customs duties and sales tax. TSOs in most of these countries are, however, exempt from import duties for (medical or educational) equipment, goods, gifts, or and relief items used for assistance during natural disasters or for equipment to treat diseases.

Governments, in some countries, often provide conditional supports to the TSOs. For example, Yemen provides financial and material supports for associations if they undertake important public benefit activities for 1 year and present a copy of the annual final accounts to the Ministry or its representatives. In some MMCs, TSOs may operate without incorporation or registration, but may gain advantages for registration or incorporation. For example, if registered, trusts in Pakistan can apply to the Central Board of Revenue (CBR) for exemptions under the Income Tax Ordinance (Ghaus-Pasha & Iqbal, 2003).

### **4.3 Third Sector Legal Environments in MMCs Influenced by Non-British colonial systems—French Colonies (17: Algeria, Burkina Faso, Chad, Comoros, Djibouti, Guinea, Lebanon, Mali, Mauritania, Morocco, Niger, Senegal, Syria, and Tunisia); Dutch (Indonesia); Portuguese (Guinea Bissau and Oman)**

All 17 MMCs in this group (except four—Indonesia, Oman, Lebanon and Syria) are in Africa (including only three in North Africa—Algeria, Morocco, and Tunisia). The list includes very poor countries such as Niger (PPP\$627/capita) or Guinea Bissau (PPP\$477/capita) and middle income countries such as Lebanon (PPP\$10,109/capita) or Oman (PPP\$22816/capita). Nine MMCs in this group have elected governments; two hereditary, and five authoritarian self-selected (civil or military) governments. Only one MMC, Tunisia, has a transition government (in 2014). Most MMCs in this group have existence of high tribal dominance in social as well as political (and often economic) affairs (Table 4.1). Local customs and customary laws both are influential in these countries, especially due to the continuation of strong tribal systems. Only Lebanon does not have tribal influence; also

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<sup>24</sup> However, since 1989–1990, a number of large NGOs have been issued with income tax assessment notices because of the transfer of surplus (profit) from the nonprofit commercial ventures (either registered separately or operated as a project within the core program of the NGO) to the audited accounts. The matter has not been resolved.

Comoros and Tunisia have low and Algeria has medium level of tribal control in economic and political affairs.<sup>25</sup> TSOs in these Civil Law MMCs offer mainly three main types of TSO: an association, foundation, or cooperative.

Certainly in civil law countries where no “basic” right to organize is automatically recognized, and where formation of legal entities is a privilege that must be explicitly recognized in law, formal law can shape the environment for nonprofit action rather fundamentally (Salamon & Anheier, 1997: 16–17). In some countries, such as Indonesia, a specific law to regulate the associations are still absent, but there is a law on foundations. Furthermore, not much information is available about TSOs and their activities in 10 of the 17 MMCs in this group (Burkina Faso, Chad, Comoros, Djibouti, Guinea, Guinea Bissau Mali, Mauritania, Niger, and Senegal).<sup>26</sup> These MMCs are not included in the analysis.

### ***4.3.1 Third Sector Organizations: Legal Forms***

The largest country in this group, Indonesia—with even comparatively larger third sector—has a very long heritage of organized social development activities. For example “Mardi Karya” a social organization to help communities cope with economic problems as well as political dilemmas during the Dutch colonization was formed as early as in 1890 CE. Indonesia also has a unique TSO—self-reliant community organization (LSM). LSMs in Indonesia may operate without registration being formed on the basis of similar interests, professions or objectives (not-for-profit), have a membership base, and have freedom to select the board of management. LSMs are “societies” formed to increase community welfare that also ensure participation in the country’s development process (Radyati & Hasan, 2006). Associations in Indonesia are legitimized by the government as a legal body, only if the prospective members submit the proposal with the constitution and names of the members to the Ministry of Justice and Human Rights for the purpose.<sup>27</sup>

While the LSMs are oldest TSOs in these “civil law” MMCs, the oldest law that governs TSOs is the Ottoman Law of 1909 (as amended) governing private associations and public-interest organizations in Lebanon<sup>28</sup> (Sharaiha, 2008). Unlike, common law MMCs, associations and societies in civil law MMCs have different requirements. For example, an association in Lebanon is formed with “several

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<sup>25</sup> Comoros, being a small Island with abundant water and vegetation, never had a rigid tribal system. Tribal system in Algeria was weakened by the French colonial and postcolonial military interventions; that of Tunisia was all but abolished due to same reasons, but of longer duration.

<sup>26</sup> These MMCs either allow the third sector activities under the general civil law without the formation of a specific TSO law or may have laws which are yet to be available in English. So the discussion in this section and conclusions at the end do not consider these countries.

<sup>27</sup> This paragraph is based on Radyati and Hasan (2006).

<sup>28</sup> See Government of Lebanese Republic, 1909a. This law is the source of laws in many other countries that were part of the Ottoman Empire, e.g., Iraq.

individuals” united in a formal agreement “not to divide profit.” Every association in Morocco may possess, “funds, properties and movables” necessary for accomplishing its goal or targets. Founding members of a private society in Morocco must provide paid-up capital of at least 500 dinars (Government of Morocco, 1958; 2010). The associations in Oman (called “nongovernmental societies”) including social and cultural clubs established by private institutions, companies, or organizations which can be formed to perform “social, cultural, or charitable activities.”

Associations, in some countries, such as in Algeria, are allowed to work in limited areas of activities such as “professional, social, scientific, religious, educational, cultural, sports, environmental, charitable, and humanitarian domains.” Algeria also has a unique type of TSO—the communal associations that are supervised by the president of the respective people’s communal, the governor of the *wilaya* (province), and the Ministry of the Interior for the national or inter *wilaya* associations, as appropriate.

Foundations are not a common phenomenon in these civil law MMCs, and operate largely in Indonesia administered by the Law of Foundations of 2001. A foundation may have funds made up of founder donations, *waqf*, bequests, dividends, deposit interest, etc., and must use 75 % of it for public social activities; and the rest may be for achieving other objectives (Radyati & Hasan, 2006).

Some MMCs do not have a separate law on foundations, but have a separate law on cooperatives; for example, Lebanon. Cooperatives in Lebanon are administered by separate laws, but with procedures identical to those of the associations. There are also cooperatives in Indonesia registered with the regional cooperative council in Indonesia. Primary cooperatives in Indonesia should have at least 20 individual members, while secondary cooperatives must have minimum three cooperatives (Radyati & Hasan, 2006). Cooperatives in Indonesia are regulated by purpose-made laws with procedures, rights, and liabilities different from those of the associations.

### 4.3.2 Regulatory Instruments and Systems

Government intervention in MMCs in this group has expanded with growth of the laws. Nonetheless, the existence or expansion of laws in itself cannot be problematic for TSOs. Associations or societies in Indonesia are regulated by many different legal instruments,<sup>29</sup> but they may operate without incorporation or registration. Indonesia also has a specific law on *zakat* organizations.<sup>30</sup> Associations in Indonesia are registered with the State Court Registrar (Ministry of Justice and Human Right),

<sup>29</sup>For example, the “Civil Law article no. 1653-1665”; Statute-Book 1870 on Legal body for Associations; Statute-Book 1939 on Indonesian Association; Ministry Instructions No. 8, 1990 for Governing NGO; Government Regulation No. 59, 2001 concerning Self-Reliant Community (Radyati & Hasan, 2006).

<sup>30</sup>The Indonesian Law on Zakat Management no: 38, 1999.



and the foundations with the Regional Head Office of the Department of Justice and Human Rights (Radyati & Hasan, 2006). In the final analysis, however, the laws are flexible and promote the TSOs. For example, an association can be formed by seven members, and a foundation can be formed by only one person with about \$100. Morocco also has a reasonably liberal approach of dealing with the TSOs. Every association in Morocco, except for political parties or those without a political purpose, can be recognized for public benefit after the administrative authority conducts “an investigation of its objectives and resources” (Article 9). The government of Morocco also allows associations to operate without express approval, but requires them to notify the Authority by submitting an application for “public benefit” authorization to receive many practical benefits (Articles 1, 2, and 6).

Legal tools available for TSOs in Lebanon are also varied, elaborate, and non-restrictive. The Ottoman Law is still regulating TSOs in Lebanon (Government of Lebanese Republic, 2009b), but had been misused in the past creating unnecessary difficulty for some TSOs. As such private associations in Lebanon are less regulated and need to notify the Ministry of Interior, but not its approval (Sharaiha, 2008). The “Controlling Authority” under the Council of Ministers is, however, authorized to inspect and make public-interest organizations submit a detailed report on annual activities, accomplishments, the year-end balance sheet, and the sources of funds for the future programs (Sharaiha, 2008).

In many other MMCs, TSOs face restrictive laws, and its harsher implementation. In Tunisia, for example, human rights and democracy groups are not permitted<sup>31</sup> (Zaki, 2010); there have been some advocacy groups dealing with issues pertaining to children, the environment, and women.<sup>32</sup> NGOs in Senegal must receive approval for their programs from two different ministries—Social Development, and Finance—and must regularly submit reports on projects for evaluation by the Ministry of Social Development (for the sub-Saharan countries, see ICNL, 2011).

TSO laws in some MMCs, for example Algeria, seem liberal for not specifying criteria or the number of individuals required to form an association stating that “an association is an agreement” “in which individuals or legal entities form a group on a contractual basis for non-profit purposes.” Nonetheless, detailed procedures, often with purposive ambiguity, may restrict the TSOs. For example, associations in Algeria run the risk of being declared “null and void,” if “founded for a purpose contrary to the established institutional system or to public order, public decency or the laws and regulations in force.” Without much elaboration in the law, some countries require all TSOs, to register with the government, e.g., Mauritania (Zaki, 2010).

<sup>31</sup> The situation has not changed even after the overthrowing of the government in 2011.

<sup>32</sup> Out of the 14,996 TSOs in 2012 (about a third of which was created in 2011 and 2012), only 43, 68, and 167 deal with the children, women, and environment issues, see FFF, Foundation for the Future (2013). Study on Civil Society Organizations in Tunisia, <http://foundationforfuture.org/en/Portals/0/Publications/Etude%20SC%20English%20Version%20Finale.pdf>; last accessed on 1 December 2013.



Similar to common law MMCs, vague wording is also a feature of third sector laws in these civil law MMCs. For example, the government in Algeria has discretionary authority to suspend an NGO if it believes that the NGO's activities interfere with the "internal business" of Algeria. Algeria also strictly restricts TSOs from having any "institutional or structural relations" with political parties. Laws in Morocco suggest that any association founded for an "illegal purpose" or goals "contrary to the public morals" violating the Islamic laws, national unity, the royal regime or promoting discrimination will be "invalid" (Article 3). Vague wording in Tunisia makes TSOs liable for closure for undertaking activities contrary "to morals" or anything that leads to "disruption of public order" (Zaki, 2010; Government of Algeria, 2009). Other unique restrictions are also imposed in some MMCs; for example, public-interest organizations in Lebanon can only receive governmental supports, but no cash donations (Sharaiha, 2008). Former French colonies, in fact were often treated as departments of France and thus as if they were part of France (Hasan, 2012c). As such they were subject to the post-revolution fear of associational life, which did not go away until the famous *Loi d'Association* was enacted in 1901.<sup>33</sup>

Even if associations are liberally controlled other forms of TSOs may be closely supervised and regulated in some MMCs. For example, under the Indonesian *Yayasan* (Foundation) Law of 2001 the foundations must make public their financial reports<sup>34</sup> and submit, duly audited annual financial reports, to the respective minister's office and the founders (Radyati & Hasan, 2006). TSOs in some MMCs also have strict self-regulatory systems. For example, cooperatives in Indonesia are regulated by the "Co-operative Laws No.25, 1992" and supervised by the Regional Cooperative Council (Dekopinda).

### 4.3.3 Tax Treatment and Systems

These civil law MMCs are not as generous as common law MMCs in providing tax benefits to the TSOs, and are thus less enabling than the latter. Only Indonesia has favorable tax laws that impose no income tax on donations, *zakat al-mal*, or bequests received by the TSOs; dividends accepted by the co-operatives are also not taxed (if a cooperative owns 25+% share in the company distributing dividends). Associations, cooperatives, foundations, political organizations, social organizations, and other TSOs, according to Tax Law no.16 of 2000 in Indonesia, are to pay taxes on other income, patronage refunds distributed by the cooperatives, and membership fees (Radyati & Hasan, 2006). Donations in Indonesia receive tax rebate, if

<sup>33</sup> Personal note received from Professor Karla Simon, 30 October 2013.

<sup>34</sup> A foundation is required to publish an annual report in local newspapers, if its asset is equal to or above Rp.20 billion US\$ 2 million). Should the asset be less, the foundation need to make a public display of the annual financial report in the organization's notice board. A public announcement also becomes essential if a foundation gets donation of Rp.500 million (US\$ 50,000) or more.

given to social organizations, churches, mosques, or cooperatives. Currently, some NGOs are demanding tax rebate for corporate or individual donations to other organizations to encourage more companies to give donations to the TSOs. As found in the available literature, only Lebanon in this group of MMCs offers tax benefit on donations (according to Edict No. 1785/1979), but only to a maximum of 10 % of the taxpayer's net income or profits (Sharaiha, 2008).

#### **4.4 Third Sector Legal Environments in MMCs with No Colonial Subjugation (15: Afghanistan, Azerbaijan, Bahrain, Egypt, Iran, Kazakhstan, Kuwait, Kyrgyzstan, Qatar, Saudi Arabia, Tajikistan, Turkey, Turkmenistan, UAE, and Uzbekistan)**

Fifteen MMCs in this group did not experience European colonization either because of lack of resources or market or access to seas that would have benefited the colonial powers. Some MMCs (i.e., Bahrain, Kuwait, Qatar, Saudi Arabia, and the UAE) were under British influence, in particular because of the latter's desire to control the sea-trade routes (see Hasan, 2012c). These countries have a very wide level of incomes ranging from PPP\$1054/capita (Afghanistan) to PPP\$87,478/capita (Qatar). Among these MMCs, five have hereditary governments, nine elected, and one transitional (Table 4.1).

Out of these 15 MMCs, 10 (Afghanistan, Azerbaijan, Egypt, Iran, Kazakhstan, Kyrgyzstan, Tajikistan, Turkey, Turkmenistan, Uzbekistan) follow civil law system; 4 MMCs (Bahrain, Kuwait, Qatar, and the UAE) have common law system, while Saudi Arabia follows *shari'a* law supplemented by Royal Decrees to cover matters not dealt in the *shari'a* (e.g., intellectual property). Some MMCs (e.g., Bahrain, Iran, Kuwait, Qatar, and the UAE) with common or civil law systems also follow some aspects of *shari'a* Law. Local customs and customary laws also contribute to legal systems in many MMCs (especially, Afghanistan, Iran, Egypt, Kazakhstan, Kyrgyzstan, Saudi Arabia, Tajikistan, Turkmenistan, and Uzbekistan).<sup>35</sup> A major feature of MMCs in this group is significant influence of tribal systems on social, political, and economic affairs of the individuals.<sup>36</sup> Only one MMC (Iran) is devoid of tribal influence, while Turkey has low and Afghanistan has Medium level of tribal influence.

Constitutions of all MMCs in this group guarantee freedom of association. The Saudi constitution is not explicit in this regard, but mentions that "Saudi society will be based on the principle of adherence to God's command, on mutual cooperation

<sup>35</sup> For more information please check ICCL Report ([www.iccl.org](http://www.iccl.org)); and "Government" under the respective country in The World Factbook, CIA, <https://www.cia.gov/library/publications/the-world-factbook/>.

<sup>36</sup> This could be another reason for the absence of a colonial system in these MMCs because the British in most cases enjoyed the required economic and maritime advantage by signing a "deal" with the local tribal chief, e.g., the signing of the General Treaty of Peace in 1820 or the Perpetual Maritime Truce, 1853.

in good deeds and piety and mutual support and inseparability.”<sup>37</sup> This provision, indirectly guarantees freedom of association and has prompted the government, in the recent past, to legalize associational activities. Among all MMCs in this group, Turkey allows individuals to form and run TSOs with express written/unwritten consent, without incorporation or registration with the government or any formal document (e.g., constitution or by laws).

Only common factor among MMCs in this group is no direct European colonial subjugation. These MMCs have varied political and social antecedents and features, and thus have different types of third sector legal systems and activities. Noteworthy that there has been Marxist/Soviet influence in the Central Asian MMCs manifested in their use of “social organization,” that is Marxist in origin.<sup>38</sup>

#### ***4.4.1 Third Sector Organizations: Legal Forms- Association/Society***

Due to diverse political systems, MMCs in this group have much wider variety of associational forms with various features, membership requirements, and functioning restrictions. For example, Afghanistan has about 6,000 associations and NGOs formed and regulated under different laws.<sup>39</sup> Iran allows associations, clubs, or institutions divided into two major groups: not-for-profit organizations such as charities, and noncommercial organizations that may earn and distribute profits among their members.<sup>40</sup> In terms of clientele base, TSOs in Iran can be professional and public interest organizations (e.g., charities) pursuing activities for member benefit such as guild associations (formed by members of a trade, profession, or occupation). There are also “Islamic associations” consisting of volunteers to educate others about Islam or to advance “goals of the Islamic revolution” by being involved in administrative, educational, guild, industrial, or agricultural activities (Katirai, 2005).<sup>41</sup>

<sup>37</sup> Article 11 of the Constitution of the Kingdom of Saudi Arabia (adopted as a Royal Decree by King Fahd in 1992); viewed in <http://confinder.richmond.edu/> on 7 August 2013.

<sup>38</sup> Personal note received from Professor Karla Simon, 30 October 2013.

<sup>39</sup> The most significant laws are Law on Associations, Official Gazette no. 1114, issued 1 September 2013; “Non-Governmental Organizations, Official Gazette no. 857/2005”; Implementing Regulations for the Law on Non-Governmental Organizations (2005). Afghanistan, NGO Monitor, [www.icnl.org](http://www.icnl.org), last accessed on 30 December 2013. Other sources used in the discussion are: Elbayer, 2005; Government of Afghanistan 2002; 2005; Government of Algeria 1990; 2012; Government Egypt, 1956; 1981; 2002; Government of Iran, 2006; Government of Kuwait 1962, 1993; Government Kyrgyz Republic 1999; Government of Qatar 2004; Government of Tajikistan, 2009; Government of Turkey 2004; Kandil, 2010.

<sup>40</sup> In fact, this has been a growing trend—even UK and US have low-profit distributing entities like this considered to be social enterprises. Personal note received from Professor Karla Simon, 30 October 2013.

<sup>41</sup> Iran’s recognized minority groups can also form associations to address cultural, religious, and social issues they face (Katirai, 2005).

Saudi Arabia has laws of benevolent associations and foundations of 1989, but allows formation of TSOs in different mechanisms with diverse requirements: rare but prestigious Royally decreed associations; associations and foundations registered under the Ministry of Social Affairs; associations and foundations dealing with specific purpose (e.g., environment) registered with ministries relevant to the field of activity; or international philanthropic institutions (registered abroad with roots in Saudi Arabia) (Shalaby, 2008).

Turkmenistan also has unusually diverse types of associations; for example: public organization, i.e., a membership-based public association (Article 7); public movement, i.e., mass movement consisting of participants, but not members, to pursue social, political, and other public benefit activities (Article 8); public initiative group, i.e., a public association without members established to collectively address problems faced in the neighborhood, workplaces, or educational institutions (Article 10). Furthermore, public associations in Turkmenistan, regardless of their organizational and legal form, can come together to establish umbrella associations (unions) based on founding agreements and/or charters adopted by such umbrella associations creating another tier of public associations. In practice, the implementation is, however, much more restrictive.<sup>42</sup>

On the other hand, Tajikistan has two distinct types of TSOs governed by two different legal tools: noncommercial organizations, e.g., public foundations, institutes, and public associations including religious organizations and political parties. In some other countries, for example in Kyrgyzstan, TSOs can only be formed as a “public association” (i.e., a voluntary association of citizens for satisfying their spiritual and other non-material needs). In Uzbekistan, TSOs do not have varied types, but have a unique common name that is reflective of the organizations’ possible characters: “nongovernmental, noncommercial organization” that is “not to pursue profits as the main purpose, and not to distribute income among its participants or members.” These nongovernmental noncommercial organizations are established to carry out charitable activities; social, cultural and educational goals or other non-material needs; lawful interests of natural and legal persons, and other public benefit purposes (cf. Ilkhamov, 2005). Nonetheless, TSOs in Uzbekistan are predominantly one man (or one woman) enterprises (Stevens, 2005), and may not have much social impact.

#### 4.4.1.1 Membership

Minimum requirements for forming associations, in MMCs in this group, are varied which seems to be most liberal in Kyrgyzstan where “public associations” can be formed by only three individuals to create “unions, associations and other alliances.” On the other hand, TSOs in Saudi Arabia must have at least 20 citizens as founding members (Shalaby, 2008). The UAE Federal Act 6, 1974 governs private

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<sup>42</sup> ICNL, NGO Law Monitor <http://www.icnl.org/research/monitor/egypt.html>; last accessed 29 November 2013.

associations, nongovernmental organizations and public-interest associations, and does not have minimum membership requirement, or allow non-citizen participation in such activities (Sherif, 2008b). Conversely, associations in Turkmenistan face restrictive requirement and must have at least 500 members nationally to be registered as a legal entity (Moore & Rutzen, 2011<sup>43</sup>).

TSOs can be formed in Iran by either natural persons or legal entities; without any minimum base capital requirement but a TSO's declared capital determines its registration fee. Furthermore, two founders must be specialists in the TSO's proposed field of activity (Katirai, 2005). TSOs in some countries in this group are much more restrictive. For example, associations in Qatar must fulfill conditions like: at least 20 founding members (all 18+ Qatari national unless exempted at the Minister's discretion<sup>44</sup>); payment of 1,000 riyals fee per member (i.e., total fee for registration is at least 20,000 riyals or about \$5,500). TSO laws are much more liberal in Afghanistan and Turkey. Associations can be formed in Turkey with seven members; and with ten in Afghanistan. Associations in Egypt must have ten founding members (Law 32, 1964).

#### 4.4.1.2 Activities

Laws in this group of MMCs are open or silent about TSO activities, except for few cases. For example, associations in Qatar can be formed to perform humanitarian, social, cultural, scientific, professional or charitable activity with no political goals (Khallaf, 2008b). Some third sector laws, especially in the erstwhile Soviet republics of Central Asia, are more forthright in conditioning TSO activities. For example, TSOs in Azerbaijan cannot work for development or economic activities except for assisting the "invalids, lonely people, elderly persons, low-income families, refugees and IDPs"; and some welfare and related advocacy activities.<sup>45</sup> TSOs in Uzbekistan can be established mainly for charitable activities in social, cultural and educational sectors, and other non-material public benefit purposes. Assemblies, associations, centers, clubs, groups, networks, societies, etc. in Iran can be involved in nonpolitical activities in charities, relief aids, human rights, women affairs, juvenile and children as well as health care, and preservation of the environment.

<sup>43</sup>Also ICNL, NGO Law Monitor <http://www.icnl.org/research/monitor/egypt.html>; last accessed 29 November 2013.

<sup>44</sup>Non-Qatari residents can fund but cannot be more than 20 % of the total membership of an association (Khallaf, 2008b).

<sup>45</sup>For example, advocacy for humanism and tolerance, consumers' rights, the protection of the environment, the protection of historical and cultural monuments (and cultural and moral heritage); legal and cultural consciousness, disease and epidemics, healthy life style; Children and youth education, physical and mental development; Emergency services and assistance to the victims of armed conflicts, natural disasters, industrial accidents, fires, epidemics, to victims of emergencies; Assistance to persons released from prisons, addicted to drugs, and subjected to domestic violence (Government of the Republic of Azerbaijan, 2007; 2009).

TSOs in MMCs in the Gulf also are restricted to limited area of activities. For example, TSOs in Oman can be involved only in: providing care for the orphans, children and mothers, senior citizens, people with physical challenges or special needs; and women's services, in general. Furthermore, a TSO requires approval of the Minister to be involved in two or more activities listed above.<sup>46</sup> Saudi TSOs also deal with issues of women's empowerment and legal representation as well as reformation of the family law, political and human rights, unemployment, impacts of endogamy, disabilities, thalassemia, family violence, sexual abuse, poverty, and environmental issues (Montagu, 2010).

Most MMCs allow associations to undertake only social service activities, with implied restrictions on "political" activities; laws are explicit in some, for example, TSOs in Egypt cannot be involved in political or advocacy activities (also see Table 4.2). In the central Asian countries, in general, TSOs have been working actively with the local government institutions for community development. TSOs in Kyrgyzstan have unique responsibility in this regard. Community organizations in Kyrgyzstan represent the interests of their members in state government and local self-governance bodies, and cooperate with the government as a service delivery, and monitoring agency.<sup>47</sup> Associations in Afghanistan are to offer social, cultural, vocational, educational, legal, and artistic activities approved by the Ministry of Justice.<sup>48</sup>

#### **4.4.2 Other Forms of Third Sector Legal Entity (Foundation, Trust, Cooperative, Not-for-Profit Company)**

Egypt has laws for foundations to be formed with three members and 200,000 Egyptian pound endowment (cf. Atia, 2008). Foundations are also existent in MMCs in Central Asia. A "foundation" (a non-membership organization) in Kyrgyzstan, being formed by one or more individuals using endowed property or income, is to pursue social, charitable, cultural, educational, and "profit-for-public" goals (Article 23). There are also "institutions" in Kyrgyzstan, formed by one or more

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<sup>46</sup> Activities in any other field of activity need to be proposed by the respective Minister and approved by the Council of Ministers. Associations in Oman cannot "interfere in politics," "form political parties" or "interfere in religious issues," and must stay "away from tribal and political sects." (Government of the Sultanate of Oman, 2000a; 2000b).

<sup>47</sup> For example, TSOs participate in local *kenesh* activity; help implement the decisions regarding community organizations' activity; exercise public control of the norms and rights of building construction, residential premises usage, maintenance of residential buildings and community owned household plots, fire protection and sanitary requirements; exercise control of rational utilization of land, water, and other natural resources; take part in historical, architectural and cultural monument protection; submit proposals to the appropriate bodies on correcting the detected deficiencies; perform other activities under the Kyrgyzstan Laws in accordance with the goals and objectives of a community organization Charter. Article 12 (Government of the Kyrgyz Republic, 1999; 2005).

<sup>48</sup> These associations and NGOs are restricted from taking part in any political activities or construction works, see Afghanistan, NGO Monitor, [www.icnl.org](http://www.icnl.org), last accessed on 30 December 2013.

individuals (fully or partially financing it) for implementing managerial, social, cultural, and other noncommercial activities (Article 31). Public foundations (a type of public association without members) accumulating assets through voluntary contributions and other revenues (Article 9) are also operating in Turkmenistan.

Private Foundations (referred to as “institution”) in Bahrain are allowed to perform charitable, health, educational or other activities (Bahrain Decree No. 21 of 1989, Article 76). Foundations in Saudi Arabia (governed by the law of benevolent associations and foundations issued in 1989) can be established by one individual, accept donations or bequeathed assets and funds, but not engage in fundraising activities or receive financial support from the ministry offered to the registered associations (Shalaby, 2008).

Due its brief British (colonial) connection, Egypt has not-for-profit companies under the Ministry of Industry and Trade- the only country in this group to have such entity. Many research centers in Egypt are registered as companies, channel most of their earnings for promoting their own services, and do not distribute profit among the members or founders (Kandil, 1993). With its past Italian connection, Egypt also has cooperatives or mutuality laws. These cooperatives must spend at least 15 % profits for public services, can distribute 10 % among board members, and can undertake exclusive for-profit activities (Kandil, 1993).

#### ***4.4.3 Regulatory Instruments and Systems***

Turkey follows a liberal approach to the third sector, but still tends to closely monitor TSO activities. For example, the foundations must notify relevant public authorities within 1 month of receiving any overseas funds, while the associations must notify the Government before using overseas funds (Moore & Rutzen, 2011). Associations in Afghanistan are to offer social, cultural, vocational, educational, legal, and artistic activities approved by the Ministry of Justice. There is a two-tier registration process for the domestic as well as foreign NGOs; the associations are regulated by the Ministry of Justice.<sup>49</sup>

TSOs in most other MMCs are much more closely monitored. For example, associations in Qatar are under jurisdiction of the Ministry of Civil Service and Housing Affairs (Khallaf, 2008b). In Saudi Arabia associations and foundations may be registered with and supervised by the Ministry of Labor and Social Affairs as well as other ministries, if TSO activity falls directly within the sphere of a ministry. Third sector organizations operating under other ministries face less restrictions than those operating under the Ministry of Labor and Social Affairs (Shalaby, 2008).

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<sup>49</sup>Domestic NGO registration is processed by the Technical Commission, and High Evaluation Commission; Foreign NGO registration is processed by the Ministry of Foreign Affairs and Ministry of Economy, see “Afghanistan,” NGO Monitor, [www.icnl.org](http://www.icnl.org), last accessed on 30 December 2013.



TSOs in Turkmenistan must notify its upcoming activities to the supervising ministry, and the latter has authority to send its representatives to attend events and meetings organized by any association.<sup>50</sup> Noncommercial organizations (e.g., public foundations, institutes) in Tajikistan are registered with local tax authorities, and the public associations, religious organizations and political parties are registered with the Ministry of Justice in accordance with the Law on Public Associations. These registering organizations have supervisory authority and often become highly intrusive. Furthermore, public associations in Tajikistan have territorial limitations and cannot operate outside the region of their registration.<sup>51</sup>

In some countries, laws are simple but use financial tools for restricting TSOs and their activities. Law No. 12 of Qatar allows formation of private societies and professional associations, but imposes strict conditions for their establishment, management, and activities. These TSOs need to get approval from the Ministry of Civil Service Affairs and Housing, but with restrictive fees. For example, professional societies in Qatar need to pay approximately \$14,000 for the permit valid for 3 years (which is renewable with the same process and fees) (cf. Zaki, 2010).

While a ministry is normally in charge of approving and monitoring TSO activities, in some countries specialized organizations are created for the purpose. For example, the State Support Council to NGOs in Azerbaijan deals with registration, activities, project approval, funding and performance monitoring of the TSOs. There is also the National Authority for Associations and Civil Organizations in Saudi Arabia responsible for organizing and developing civil society sector and their activities, easing their hardships by providing financial support, and supervising and evaluating their activities, as appropriate (Shalaby, 2008). A specialized administrative body is also formed in Bahrain for supervising the TSOs. Private Foundations in Bahrain interested in offering any service related to health, education or other activities need to get licenses from the respective line authorities before submitting a registration application to the supervisory authority (Bahrain Decree No. 21 of 1989, Article 76).

In some cases, supervisory bodies have enormous authority. The Ministry (of Social Affairs, Labor and Vocational Training) in Oman monitors the associations' activities to ensure their compliance with the laws, bylaws, and decisions of the TSOs' general assembly. Investigators from this Ministry are authorized to "examine registers, books, documents and correspondences" of all TSOs by entering the latter's premises without notice. Licensing and monitoring department in some countries operates arbitrarily, often misusing the authority. For example, TSO licensing in Saudi Arabia is an arbitrary process (Zaki, 2010) and the authorities are not obliged to provide any explanation for rejecting applications.

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<sup>50</sup> ICNL, NGO Law Monitor <http://www.icnl.org/research/monitor/egypt.html>; last accessed 29 November 2013.

<sup>51</sup> ICNL, NGO Law Monitor <http://www.icnl.org/research/monitor/egypt.html>; last accessed 29 November 2013.



TSO activities in the central Asian countries are also very closely monitored. For example, associations in Turkmenistan cannot work to influence the “constitutional system of Turkmenistan, aim to undermine national security, engage in violence, attack constitutional rights and liberties of citizens, call for war, racial, national [ethnic], social, and religious hatred, threaten public health and morals, and create armed units.”<sup>52</sup> In Uzbekistan (according to the 1999 NGO regulation), any associational activity must be registered with the government; unregistered associational activities are to attract a penalty (increased since 2005 by the Code of Administrative Liability) ranging from 50 to 100 times the monthly minimum wage or by administrative detention for up to 15 days (Stevens, 2010).

In many countries, TSOs are governed by the national as well as the provincial laws—the latter being often less stringent. For example, TSOs in the UAE can be formed with decrees (by the constituent emirates) with greater flexibility not subjected to restrictions imposed by the national laws<sup>53</sup> (Sherif, 2008b). In other cases, for example Iran, supervisory and monitoring boards for TSOs at different tiers of governments have different authority but a common structure that includes representatives from TSOs.<sup>54</sup>

Purpose-made supervisory bodies are also existent in some MMCs in Central Asia. For example, public associations in Turkmenistan, regardless of their type, are registered with the Ministry of Justice (*Adalat*), in accordance with the Civil Code of Saparmurat Turkmenbashi and other laws of Turkmenistan, and must be included in the Single State Register of legal entities. The Ministry of Justice of Turkmenistan and its departments in *velayats* (districts) supervise the public associations’ “compliance with their Charters,” can request documents from the governing bodies, send representatives to events held by the public associations, seek explanations from public associations’ members on matters of compliance with the Charter, issue written warnings to the associations in case of noncompliance with the laws or the association’s statutory goals. The Ministry of Justice may also cancel registration of a public association for switching to “entrepreneurial activity” or failing to achieve its goals as stated in the Charter. Public associations in Turkmenistan must maintain and submit accounts records to the government. Public associations, religious organizations and political parties in Tajikistan are registered with the Ministry of Justice, and are to face stricter registration and supervision regimes than the noncommercial organizations (registered with and monitored by the local tax authorities).<sup>55</sup>

<sup>52</sup> See Government of Turkmenistan, The Law of Turkmenistan on Public Associations [Nongovernmental], 2003, № 4, Article 35; 2009, № 3, Article 59).

<sup>53</sup> For example, the UAE Federal Act 6, 1974 governs the private associations, nongovernmental organizations and public-interest associations, and does not allow non-citizen participation in such activities (Sherif, 2008b), but Dubai allows that.

<sup>54</sup> The supervisory bodies at the provincial, state, and national levels are made up of government officials (the chief executive of the province or state, as appropriate; a deputy from the Ministry of Interior affairs at the national level), a representative of the Islamic Council, and a representative from the NGOs (involved in the appropriate province, in the state, or center) (Katirai, 2005).

<sup>55</sup> ICNL, NGO Law Monitor <http://www.icnl.org/research/monitor/egypt.html>; last accessed 29 November 2013.

Relationships between the state and TSOs in these MMCs do not seem to be congenial except for Kazakhstan. The Constitution of Kazakhstan uniquely defines this relationship and disallows “illegal interference of the state in the affairs of public associations,” “imposing the functions of state institutions on public associations, or financing of public associations by the state.”<sup>56</sup> Governmental bodies and officials in Turkmenistan, except “in cases set out in the Law,” cannot interfere in public associations’ activity; the public associations cannot interfere in the activities of the governmental bodies or officials, either.

The third sector regulatory authorities are much more prominent in many other MMCs. For example, the UAE Ministry of Social Affairs has authority to grant or reject applications, merge and dissolve associations, and to restrict the latter’s activities (e.g., the Ministry approval must be obtained for receiving or distributing funds, attending conferences or meetings abroad, etc.) (Sherif, 2008b). Associations in Qatar can raise funds only within the country, but only with prior approval from the Minister of Civil Service and Housing Affairs (Khallaf, 2008b). Government ministers in Kuwait are responsible for enforcing the law on associations working within their respective “field of activity” (Article 4). For example, the Ministry of Social Affairs and Labor (MOSAL) in Kuwait provides license and controls the NGO activities, may dissolve an association on charges of “inappropriate” activity or for misusing financial resources (Khallaf, 2008a; Zaki, 2010). In some MMCs, laws are used to discourage or even prevent formation of the TSOs with burdensome registration or incorporation requirements, vague grounds for denial, or limiting the permissible activities. In some MMCs TSOs are restricted through quality control measures, e.g., noncommercial organizations in some MMCs are required to follow commercial criteria for their personnel management. Permanent employees in TSOs in Kyrgyzstan are subject to the labor law and entitled to applicable social provisions and medical insurance.

In many MMCs, TSO laws are restrictive, but their implementation is even worse, for example the Saudi authority is not required to explain the reasons for any negative decisions related to any TSO, and remains arbitrary. In some other MMCs, laws are very harsh, but implementation is relaxed; for example, the laws requiring the TSOs to have prior UAE government approval for all publications, is not consistently enforced (Zaki, 2010). Also the Bahraini law (Law No. 21 of 1989) regulates creation and operation of associations, but permits formation of political, cultural and educational associations, imposing little restrictions (Zaki, 2010).

Purposive ambiguity and executive discretions are features of most TSO laws in the region. Similar to many other MMCs, as discussed earlier, some MMCs in this group use vague wording in legal documents to keep control over the TSOs. For example, TSOs in Egypt are not to violate “public order or morals” (Egypt) (Zaki, 2010); laws in Oman codify that the NGOs’ “goals must be legitimate” and activities must be “in conformity with public law” (Zaki, 2010).

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<sup>56</sup>Article 5 of the Constitution of Kazakhstan, viewed in <http://confinder.richmond.edu/> on 7 August 2013. The article also disallows illegal interference “of public associations in the affairs of the state.”

#### ***4.4.4 Tax Treatment and Financial Incentives***

MMCs in this group offer different types of tax treatment at different levels creating enabling or restrictive third sector activities. For example, registered public interest NGOs in Iran enjoy tax exemption on financial aids and gifts (cash or in kind), membership dues, and other contributions, provided that such sources are used in accordance with “Islamic standards”; and for culture, research, science, invention, exploration, training, and health. There are no laws on endowments in Iran, but gifts creating “endowments” are tax-deductible with no upper limit (Katirai, 2005). Any profit making activity undertaken by a TSO in Iran is, however, subject to taxes unless earned through educational seminars, publication of books and periodicals or similar activities aimed at achieving the TSO’s goals (Katirai, 2005).

Egypt is also liberal in tax laws and exempts applicable taxes on donations to social organizations, churches, mosques, or cooperatives. It also allows individuals and corporations (up to 10 %) tax deduction for their charity donations (Atia, 2008). A new Tax Code (January 1, 2009) in Kazakhstan provides a basis for valuation of donated goods and services and incentives for local businesses to make in-kind donations to TSOs (Kabdiyeva, 2013). Other MMCs, for example, Azerbaijan does not provide any tax benefit to the TSOs (Guluzade & Bourjaily, 2009; 2011).

Some MMC governments provide substantial support to the third sector. TSOs, especially in MMCs in the kingdoms, get incentives for being “loyal.” The Saudi government may provide between SAR50,000 to SAR5 million funds, land for offices, technical support, reduced utility rates, and in-kind donations to all registered associations. Direct financial supports, in the past years, to TSOs in Saudi Arabia estimated to be SAR2 billion (Shalaby, 2008). Oman does not have a mandatory licensing requirement, but provides the licensee “loyalty funds” and other monetary benefits for furnishing the office, or undertaking targeted activities (e.g., humanitarian services related activities or a social or cultural project). Fund receiving TSOs in Oman must comply with the laws and by-laws, and send periodic reports to the Ministry. A Supreme Council for Women sponsored by the Saudi government extends public funds to Saudi TSOs engaged in public outreach programs, informing the women of their legal rights (Zaki, 2010). Some countries cannot or do not provide funds to TSOs, but permit the latter, as in Iran, to conduct business activities directly, without any expressed limit of commercial, business, and financial activities (Katirai, 2005).

### **4.5 Discussions and Conclusion**

There are 47 Muslim majority countries in Africa and Asia situated in North Africa (8), sub-Saharan Africa (13), West Asia (13; including Turkey), Central Asia (6), South Asia (4), and Southeast Asia (3). Within a common attribute of being Muslim majority (ranging from about 50 % in Nigeria to 100 % in Saudi Arabia), these 47 countries have different sociocultural and linguistic heritage, historical antecedents,

colonial relationships, economic status, and political systems to influence third sector laws differently. The primary purpose of third sector legal tools, introduced during the colonial era in some MMCs, could have been to exert vigilance and control over myriad societies and associations, the laws, however, underscored the fact that people and their organizations were involved in different nonpolitical (service and program delivery) activities during medieval period. In addition, *awqaf* (Muslim charitable foundations) have existed in these MMCs since the seventh century CE.

Due to a unique feature of Islam that allows and approves continuity of norms and customary laws of every community,<sup>57</sup> these 47 MMCs have adapted third sector laws to their own requirements. It is evident that, Islam or its *shari'a* is not the defining factor for the diverse third sector legal environments and their human security outcomes in MMCs.

There is only one common feature of the third sector laws in MMCs discussed here: purposive ambiguity. All laws use very broad terms,<sup>58</sup> subjective references,<sup>59</sup> or ambiguous wording.<sup>60</sup> Nonetheless, forms, features, activities, registration system, funding relationships, tax advantage, or government's oversight regimes are diverse. There have been discretionary overloads, prohibitive use of fiscal tools such as exorbitant fees, procedural hindrances such as multi-tier registration process, arbitrary applications of the laws, or activity restrictions.<sup>61</sup> Noteworthy, only a few MMCs, mainly in South Asia (i.e., Bangladesh and Pakistan), Southeast Asia (i.e., Indonesia and Malaysia), and Turkey have congenial third sector legal environments where TSOs can operate with little governmental regulation. Political unrest in many MMCs (due to the advent of elected governments or the demand of for elected government) is denting the third sector legal environments weakening the sector.

We attempted to analyze the sources of these differences. For analytic purposes, we divided the third sector legal environments of 33 MMCs<sup>62</sup> into three groups. The first group of countries has "enabling" third sector legal environments, i.e., TSOs in these MMCs can operate without or with registration, and with few requirements for membership receiving tax benefits or varied governmental supports. The last group

<sup>57</sup> Especially in dealing with matters and issues of the contemporary world as long as the norms or the customary laws are not contradictory to the fundamental principle of Islam (the Unity of God) or anything explicitly forbidden in the Qur'an, see Chap. 3.

<sup>58</sup> For example, a TSO can be denied registration in Egypt if the organization deemed to be involved in threatening "national unity" or violating "public order or morals."

<sup>59</sup> For example in Morocco, organizations which pursue activities that are "illegal, contrary to good morals" or aims to "undermine the Islamic religion, the integrity of the national territory, or the monarchical regime, or call for discrimination" are prohibited.

<sup>60</sup> For example in Malaysia the Minister has discretionary authority "to declare unlawful any society presumed" to be involved in "purposes prejudicial to or incompatible with the interest of the security, public order or morality."

<sup>61</sup> For example, advocacy or political activity explicitly or implicitly is banned in all MMCs; furthermore, the field of activity of TSOs are exclusively defined in the law, as in Iran or MMCs in Central Asia.

<sup>62</sup> Due to insufficient or no information, 14 MMCs (see Table 4.2) are not included in the discussion.

of countries has “restrictive” legal environment, i.e., TSOs are required to go through a cumbersome registration process, fulfill difficult membership and financial conditions, submit to the supervising government department’s discretionary monitoring guidelines and systems, and receive no tax benefits or governmental support. In between these two extreme groups at either end of the continuum are the countries with a “neutral” third sector legal system, e.g., Brunei, where TSOs can get registration to carry on their activities but no government support (Government of Brunei, 1972; 1984).

We endeavored to draw relationships between these three groups of third sector legal environments, and the respective countries’ economic status, colonial heritage, legal systems, political power structure, and social systems. There seems not to be any relationships between the third sector legal environment and economic status of MMCs. Countries such as Bangladesh with PPP\$1,785/capita have “enabling” third sector legal environment; countries such as Qatar with PPP\$87,498/capita have “restrictive” third sector legal environment. Lebanon, Malaysia, or Turkey with high income category, however, has enabling third sector legal environments (Table 4.1).

European colonial powers affected legal systems and political traditions of their colonies, and often their legal structures.<sup>63</sup> Fifteen of the 47 MMCs under discussion had British colonial past, 17 had a non-British colonial history, and 15 never experienced direct colonial rule.<sup>64</sup> The British colonial power in India and the Dutch in Indonesia introduced legal tools for TSOs in 1860 CE and 1870 CE, respectively. Nonetheless, there appears to have no conclusive relationships between the colonial powers and the status of third sector legal environments. Fourteen MMCs with “enabling” third sector laws are almost equally divided in these three groups of countries (with five each in British and non-British colonies, and four in non-colonies). Thus, colonial influence also seems not to have been a major factor in shaping the third sector legal environments (Table 4.1).

Twenty-five MMCs (not only those with a British colonial past) have embraced the common law system, 21 the civil law system, while 1 (Saudi Arabia) follows *shari’a* law (with supplementary Royal Decrees to meet the contemporary legal needs). Seven MMCs with common law system and six with the civil law system have enabling third sector legal environment. On the other hand, analysis of the legal regimes of 15 of the 21 civil law MMCs show that 6 have enabling third sector legal environments. A civil or common law system does not seem to have any

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<sup>63</sup>“This was the case, for example, of the English impact on both India and Ghana. In both, legal systems were put in place that actually facilitated the rise of legally protected nonprofit organizations. In addition, both countries absorbed from the colonial power a long-standing tradition of voluntary organization and oppositional politics that contributed in its own way to legitimizing nonprofit activity. This may help explain why nonprofit institutions seem to be so much more numerous and highly developed in India than in Brazil, and why the atmosphere of hostility between these two sectors is far less evident in the former than in the latter” (Salamon & Anheier, 1997: 16–17).

<sup>64</sup>Seven of these countries (Bahrain, Egypt, Kuwait, Qatar, Oman, Saudi Arabia, and the UAE) had been under British colonial influence for some time during the last part of the nineteenth and the first two-thirds of the twentieth century, and have adopted common law.

bearing on the facilitating aspect of third sector legal system in these MMCs (Table 4.1).

The sources of governmental power in MMCs (defined in this chapter, without being judgmental, being sourced in election, selection, and heredity) are studied to examine its relationships to third sector legal environments. Current governments in 27 of these 47 MMCs are formed through some type of elections, in 6 of them (Egypt, Libya, Maldives, Somalia, Tunisia, and Yemen) the government is currently in transition. The other five (Chad, Guinea, Guinea Bissau, Mauritania, and Syria) have self-selected government with an authoritarian system. The governmental power is based on heredity in the last nine MMCs. Again there is no conclusive relationship between the source of power and third sector legal environments. For example, two countries with hereditary system (Jordan and Morocco) have enabling third sector legal environments; conversely, seven countries with elected governments have restrictive or neutral third sector legal environments. Election-only “democratic governments,” also known as, “elected autocracies” or “reverse democratizing governments” Rose and Shin (2001) regulate TSOs (with new requirements for accessing overseas funds, licensing, or monitoring). In fact, in some (re)democratizing countries such as Bangladesh, Pakistan, or Nigeria third sector legal environments have become stringent under elected governments (Table 4.1).

Third sector legal environments are “enabling” in countries where the state is not categorized extremely weak or weak as defined by a score of below 5.94 in the Weak State Index<sup>65</sup>. In contrast, “restrictive” or “neutral” third sector legal environments are in extremely weak and weak states. There are only three exceptions—Afghanistan, Bangladesh, and Pakistan—where weak states have enabling third sector legal environments. Afghanistan, with Medium tribal structure but tradition of the “*jirga*” (local consultation), has developed an enabling system under the shadow of foreign powers (i.e., becoming artificial “strong state”) that is yet to be tested. As a result of their historical traditions, colonial influence and military intervention in politics Bangladesh, and Pakistan have developed “enabling” third sector legal environments. TSOs have been created and do function better in strong states—loved (democratic) strong states accept TSOs as a partner in the democratic process; feared (authoritarian) strong states favor TSOs as a tool of neutralizing political activism. TSOs in Bangladesh and Pakistan enjoyed congenial legal environment instituted by a strong (feared) military state. In fact, military governments have promoted TSOs in many MMCs (discussed in Chap. 6).

Twenty-eight MMCs did experience military intervention in politics. Information on third sector legal environments, however, is not available from 13 of these countries; in the remaining MMCs third sector legal environments are classified as

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<sup>65</sup>Weak state data are from Rice and Patrick, 2008; also see Table 4.1.

“enabling.”<sup>66</sup> On the other hand, only 4 MMCs (Jordan, Iran, Malaysia, and Morocco) of the 19 without military intervention in politics have “enabling” third sector legal environment and 5 have “neutral” legal environments. Legal instruments introduced by the military governments as tools of neutralizing political activism became a stimulus for TSO growth (follows Hasan, 1991, 2001). On the other hand, third sector legal environment is “restrictive” or at best “neutral” in countries without military intervention in politics, especially where tribal power is dominant in politics. Tribal power and/or ethnic group membership reinforced governmental powers in these countries undermining their third sector legal environment and growth<sup>67</sup> (Table 4.1).

The only common factor in 14 MMCs with “enabling” third sector legal environments is historical existence of community living where people have spatial affinity and tendency towards harmonious living (Table 4.1). Regions of South and South East Asia are endowed with abundant life supporting natural resources (land and water), as a result kinship system in most areas is not resource-protection-based (Hasan, 2012b). In rural societies in these MMCs, people live in close proximity to each other, both emotionally as well as physically, thereby forming “shadow” or invisible social units of “nuclear groups” of meal sharing, “extended family” of name sharing, “kith groups” of ancestry sharing, and “society” or “affinity groups” for pride sharing (Hasan, 2005, 2008). People in these countries, due to lack of resources and a dominant central government for most part of their history, have lived in harmony by creating informal communities for mutual help in education, health, skills development, and even to offer public services in sedentary communities in MMCs (especially with sedentary societies) in as diverse a place as the Levant or Al-Sham (now forming Jordan, Lebanon, and Syria, among others) or India (now Bangladesh, India, and Pakistan).

It seems that third sector legal environments are a matter of evolution, not revolution. People with tradition of living in communities mutually helping each other in the absence of any governmental system have continued their community-centered behaviors and gained an enabling third sector legal system. Countries with closed systems that define an individual’s social community (tribal) status according to birth did not have open access community environment and were “rewarded” with restrictive third sector legal environments, primarily due to the absence of social accessibility and openness—a fundamental condition of social organization. Third sector legal environments in MMCs in Africa and Asia are only reflection of this reality, and likely to remain as such.

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<sup>66</sup> It can be noted, however, that this finding is contrary to some earlier assertions in reference to TSOs in the low income countries, like “reflecting the generally authoritarian politics of the country, it should therefore come as no surprise to learn that the legal structures for nonprofit activity have been quite restrictive (Salamon & Anheier, 1997: 16–17).

<sup>67</sup> Howell and Lind (2009) suggested that predominance of tribal, kin and clan identities, a primarily rural economy, ongoing conflicts and the weak state potentially (rather than absolutely) militate against the emergence of a civil society.



Islam offers philosophy and principles of open and enabling third sector legal environments; social structures in some MMCs, on the other hand, have been a major stumbling block. Openness in political systems has not and is likely not to “open” third sector legal environments in countries with “closed” social systems. Superficial changes in the superstructure through “free and fair” elections without grass roots social organizations cannot and did not bolster the third sector, either. It seems elected governments in MMCs, as witnessed in many countries, did and will endeavor to use the legal system to constrict the third sector, not to be outshined or challenged by the latter in their activities. The question is, under these circumstances, how are the the third sector organizations in MMCs performing in the provision of human security? Next few chapters in this book deal with this question in different dimensions.

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**Part III**  
**Muslim Philanthropy in MMCs:**  
**Situational Analyses**

# Chapter 5

## Muslim Philanthropy: Praxis and Human Security Across Muslim Majority Countries

Samiul Hasan

### 5.1 Introduction

Due to the absence of strong or resource rich government, and the attraction for pasture or fertile lands, people for centuries settled in different parts of Asia as well as in Africa creating self-supporting communities. The absence of strong (or hostile) governments in many parts of Africa and Asia also created opportunities for Muslims to move freely spreading the Message of Islam. People embraced Islam before the areas came under Muslim rules, struggled against different social disadvantages, and initiated mutual support systems to face financial, physical, and emotional needs collectively (Hasan, 2001). Resource constraints even for the occasional active governments limited the provision of public goods; “social beings” became more social having been involved in community and voluntary activities (Hasan, 1991).

Furthermore, it seems giving and voluntary activities are culturally ingrained in many parts of these areas. For example, the term *sukarela* (used in Brunei, Malaysia, and Indonesia) to mean “philanthropy” combines two words, “*suka*” and “*rela*” denoting “love for sacrifice” or “sacrificing with love” correctly reflecting the true meaning of philanthropy in Islam (cf. Kasim & Hasan, 2006). Philanthropy or the provision of monetary or material support targeting the elimination of factors causing personal sufferings of fellow human beings also is in the core of Islamic religious principles. Islam does not condone purposeless act of charity (Ali, 1938, note 322; see Chap. 3), rather promotes philanthropy for peace and community harmony.

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The concept of worship in Islam is not confined to a few particular rites, but encompasses actions for earning one's livelihood through lawful means, mutual sympathy and good behavior, and cooperation and assistance.<sup>1</sup> The Message of Islam is pertinent in this regard. Humankind cannot "attain to complete welfare, either in this world or in the next, except by association (*ijtima*), cooperation, and mutual aid."<sup>2</sup> Being the trustees of God on earth, human beings need to harmonize their relationship with the nature as well as with fellow human beings to promote the community—the most important social institution in Islam (see Chap. 3). Community welfare is considered as one of the most important principles of Islam (Haynes, Eweiss, Mageed, Lobna, & Chung, 1997). Muslims as "individuals-in-community," being responsible members of society, are to internalize community preferences, and avoid conspicuous consumption (e.g., luxury and extravagance) through self-restraint (cited from Imam Al Ghazali in Mehmet, 1997: 1206). Community actions placing worldly power in the service of divine harmony is likely to counter the "utilitarian philosophy of hedonistic egoism" for the good of the commons<sup>3</sup> to promote philanthropy. The Believers accepted these tenets and did spread the "Message" far and wide to witness swift geographical conquests and steady conversion to Islam.

Additionally, certain fundamental aspects of Islam, almost inseparably, are entwined with philanthropy. For example, Muslims need education to praise God, pray to God (with specific verses), and to earn a good living that can fulfill the purpose of life. The new society of Muslims also witnessed an increase in the importance of knowledge (discussed in Kadi, 2006), and ensured the foundation of a diversified and vibrant civilization that made room for the "efflorescence of the secular in the midst of the religious" (Kadi, 2006). The *kuttab*, the *masjid*, and the *madrasa*—three institutions unique to Islam and uniquely related to education became instrumental to the expansion of the religion, growth of the community, and the spread of the "Message" remaining the main focus of Muslim philanthropy from the early years. The *kuttab* (place of writing; also called a *maktab*) arose in the first century of Islam to provide elementary education (possibly in an open air or a tent) outside the mosque. A *kuttab* used to teach varied subjects, based on the interests of the teacher (*mu'allim*) but emphasized, in general, the memorization and recitation of the Qur'an, followed by some reading, writing, spelling, basic arithmetic, and some basic religious codes such as the rules of ablution and prayer.

<sup>1</sup>Explanation of Sermon 208 by the fourth caliph of Sunni Muslim (also regarded as the first Imam by Shi'a Muslims) Ali ibn Abi Talib, available in *Nahj al-Balagha*.

<sup>2</sup>From Ibn Taymiyyah (1263–1328 CE)—a Sunni Hanbali scholar advocating return to the roots of Islam abandoning foreign influence, quoted in Lambton (1981: 146).

<sup>3</sup>Quoted from Sayyid Qutb (also spelt Syed Qutub—prominent Islamic theorist of Egypt of the 1950s and 1960s) in Tripp (2005: 166–7).

The *masjid* (mosque), the “institution of worship, doubled almost from the start as a place of teaching” becoming “the oldest and most ubiquitous institution of learning in Islam.” The students (*talib*, pl. *talaba*), always adults, attended classes in study circles (*halqa*, also called *majlis*—a sit-up place) created around scholars (*‘alim*, pl. “*ulema*” also spelled “*ulama*”; also *shaykh*, pl. *shuyukh*, masters) specialized in religious knowledge (*‘ilm*). In the Maghreb, the Qarawiyyin mosque in Fez (founded in 859 CE), and the Zaytuna mosque in Tunis (founded in 864 CE) were the oldest and important places of learning. But the mosque that has remained a very influential educational institution for Sunni Muslims for the last 1,000 years is the al-Azhar mosque (founded in Cairo in, the fourth century of Islam, 972 CE) (that later transformed to al-Azhar University).<sup>4</sup> For the Shi’a Muslims the first influential educational institution was attached to the Imam Ali mosque at Najaf, Iraq, founded in 977 CE—all results of early philanthropy. The third type of institution uniquely related to Islam, education, and philanthropy—the *madrasa* (place of learning with priority to religious education) to meet the social and scholarly needs of the new “civilization”—was established around the tenth century CE, starting most famously with the “standard-setting network” of Nizamiyya *madrasas*—places of religious education built first in 1067 CE in Baghdad by the Seljuk ruler, Nizam al-Mulk (Kadi, 2006).

Almost all *madrasas*, until the postcolonial period in Africa and Asia, were funded by endowments (*awqaf*, *ahbas*<sup>5</sup>), created by Muslim men and women who used to exert enormous control over these institutions (by funding the institutions directly or through the *awqaf*, by guiding the scope and focus of the education, by suggesting the type of students, and/or by recruiting the teaching staff) (Kadi, 2006). The endowments (*awqaf*) of the *madrasas* continued for hundreds of years (Hasan, 2007) to influence the educational landscape.

In the postcolonial period, *madrasas*, in many instances, having lost the financial base (primarily because of the takeover of the *awqaf* by the independent national governments especially in North Africa, West Asia, and Central Asia), and having faced challenges from the “secular” schools (established with new curricula, better infrastructure, and teaching methods to create human resources to support the modern government, economy, science, and technology) (cf. Kadi, 2006) lost the past glory and became marginalized to cater to the educational needs of the socially and economically disadvantaged children. Eventually, a lack of qualified teaching staff (due to the creation of other career options), the shortage of operational expenses, and strong competition from the secular private schools (due to the advent of a merchant class eager to upgrade their social status while profiteering from the offering of public services) hastened the decline of the *madrasa* system, especially in the

<sup>4</sup>This paragraph is based on Kadi (2006).

<sup>5</sup>*Awqaf* (singl. *waqf*) refers to Muslim charitable foundations; *Ahbas* (pl. of *habus*), refers to religious foundations created exclusively to meet salary and other expenses of the “*ulemas*” (scholars; also spelled *ulama*, plural of *‘alim*) and maintenance expenses of the respective institutions.

urban areas. People's giving never seized to reach the educational institutions (religious or secular) in Africa and Asia. Philanthropy kept in pouring in with lesser educational outcomes.

The need for education impinges responsibility of having good health. The saying of the Prophet (PBUH)<sup>6</sup> of Islam that there is no gift better than good health underscores the importance of health, and thus, Islam requires the individuals to "pay attention to their own health" which ultimately influence public health; thus, religious dicta effects health by providing guidance about nutrition, and hygiene. These dicta affect the women more than men. Islam's dicta about women's role in society, for centuries, are blended "with traditions, customs, moral laws and social practices" and differ across cultures and national borders. Thus, in Islamic human security context, education, health, and *ibada* are intertwined to have been the beneficiary of Muslim philanthropic acts.

This chapter is to analyze the features, factors, growth, and outcome of philanthropy in the 47 Muslim majority countries (MMCs) in Africa and Asia. A major focus is to define the characters and management issues related to philanthropy and its relationship to human security. The major parts of the chapter deals with obligatory charitable giving (*zakat*). The first major section highlights the essential features of *zakat* and its management practices in MMCs. The discussion follows two major sections dealing with MMCs that have made mandatory provisions of *zakat* management; and the other section deals with MMCs that have institutionalized the functions of collection and distribution of such giving without making it mandatory.

The chapter shows that philanthropy functions diversely in MMCs contributing differently to human security. There are successful new models of *zakat* management that have introduced new methods of *zakat* collection, new categories of *zakat* recipients, and active cooperation among the government agencies, Islamic councils, private companies, and other voluntary organizations ensuring the maximum possible collection and use of *zakat* funds. *Zakat* funds, with enthusiastic support from many national Islamic councils, have been strategically targeting human security provisions like education, health, employment, business capitals for cash-poor entrepreneurs, programs for skills development as well as for eliminating poverty. The chapter, at the end, analyzes the reasons creating differences in the features and human security impacts of philanthropy in MMCs. It concludes that due to the absence of a unified and central body of Muslim jurists (in Sunni Muslim countries), the legitimacy of *urf* (norms), *adat* (customary laws) as the sources of Islamic jurisprudence, the character of the state, the state's relationship to the ulema, or local traditional power structure, philanthropy has developed differently in different MMCs with varied human security outcomes. Uniformity of the above characters is unlikely so is the human security outcomes of Muslim philanthropy.

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<sup>6</sup>God's blessing and peace be upon him (PBUH). Muslim readers are supposed to (and reminded of the obligation) to utter the blessings to the Prophet every time they come across his name.



It is worth noting at the outset, however, that MMCs, being scattered all over Africa and Asia, have varied levels of economic conditions, governmental systems, and social and cultural features influencing philanthropy and its management. Most people in many MMCs live in poverty; in many other MMCs are incredibly rich. Six MMCs (Comoros, Eritrea, Guinea, Mali, Niger, Sierra Leone) have a per capita annual income of <PPP\$1,000; while that of Qatar is PPP\$87,000+.<sup>7</sup> Poverty situation in some MMCs is dire, measured in terms of percentage of population surviving in less than PPP\$2.00/person; as much as 30 % of the population live in such condition in five MMCs (Bangladesh, Burkina Faso, Mali, Niger, and Sierra Leone), while 50 % people in Nigeria live on <PPP\$2/day.

Among these 47 MMCs, the government is formed through election in 28, through heredity in nine, and through self-selection (authoritarian) in five; while in five MMCs (Egypt, Maldives, Somalia, Tunisia, and Yemen) are in transition (in early 2014) towards an elected system of government. Thirty of these MMCs have had military intervention in politics in the past; the rest (including nine hereditary monarchies, the erstwhile Soviet republics of central Asia, Iran, and Malaysia) did not. A significant feature of these 47 MMCs is the existence of low, medium, or high tribal influence except nine countries (Brunei, Bangladesh, Egypt, Indonesia, Iran, Lebanon, Malaysia, and Maldives). Noteworthy, only 1 of the 21 MMCs in Africa (Egypt) does not display much tribal influence in social and economic activities (Table 5.1). Due to the above features, and concomitant legal forms in each, philanthropy in MMCs have developed differently. The purpose here is to understand the variety and their possible future human security implications.

The chapter is based on the constitutions,<sup>8</sup> respective laws<sup>9</sup> and government documents, academic publications,<sup>10</sup> field research and consultations,<sup>11</sup> and the author's personal communications about and observation of the activities in many MMCs under discussion including countries in South Asia, Southeast Asia, and the Gulf. Due to lack of information the main discussion does not include eight MMCs: Comoros, Djibouti, Eritrea, Gambia, Guinea, Guinea Bissau, Kyrgyzstan, and Maldives.

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<sup>7</sup>Per capita income of citizens in Qatar will be much higher if adjusted by discounting 80 % non-citizens (and their income) most of whom are involved in unskilled low-paid jobs.

<sup>8</sup>Constitutions are available at the Richmond University: <http://confinder.richmond.edu/> on 7 August 2013.

<sup>9</sup>Laws are primarily available in the *International Centre for Non-Profit Law* website: [www.icnl.org](http://www.icnl.org); last visited on 31 October 2013.

<sup>10</sup>Comprehensively surveying the *International Journal of Non-Profit Law* (IJNL: [www.icnl.org/journal/journal.html](http://www.icnl.org/journal/journal.html)) and the Academic Searchfile database; last visited on 31 October 2013.

<sup>11</sup>The author's field works, research consultancy, and discussions with colleagues in a dozen countries in South Asia and Southeast Asia for the study of the Asia Pacific Philanthropy Information Network (APPIN) work (undertaken and updated between 2000 and 2007 for a website, [www.asianphilanthropy.org](http://www.asianphilanthropy.org)) are the bases of understanding of the laws, traditions, *urf* (norms) and *adat* (customary laws) that have influenced the third sector in MMCs in Bangladesh, Indonesia, Malaysia, and Pakistan. Further, the author's work experience in Gulf country and purposive interaction with the colleagues from different MMCs are also another source of understanding some issues from the MMCs in North Africa and in West Asia, especially the GCC countries discussed here.

**Table 5.1** MMCs: Features of states and *Zakat* management

Name	GDP/Capita PPP\$ 2013	Colonial past	Government formed by	Weak state rank	Weak state score	Military in politics	Tribe dominance	Spatial community influence	<i>Zakat</i> institution
Afghanistan	1,000	N/A	Election	2	1.65	Yes	Medium	Fair	Informal
Algeria	7,418	French	Election	57	6.07	Yes	Medium	High	Informal
Azerbaijan	8,153	USSR	Election	80	6.54	No	High	Medium	Informal
Bahrain	19,154	N/A	Heridity			No	High	Low	Formal
Bangladesh	1,785	British	Election	48	5.64	Yes	Nil	High	Formal
Brunei	45,690	British	Heridity			No	Nil	Medium	Formal
Burkina Faso	1,202	French	Election	44	5.51	Yes	High	Low	Informal
Chad	1,258	French	Selection	16	3.9	Yes	High	Low	Informal
Comoros	986	French	Election	31	5.2	Yes	Low	High	NA
Djibouti	2,356	French	Election	38	5.31	Yes	High	Low	NA
Egypt	5,401	N/A	Transition	78	6.5	Yes	Nil	High	Formal
Eritrea	531	British	Election	14	3.84	Yes	High	Medium	NA
Gambia	1,731	British	Election	59	5.79	Yes	High	Medium	NA
Guinea	941	French	Selection	23	4.67	Yes	High	Low	NA
Guinea Bissau	1,042	Portuguese	Selection	18	4.16	Yes	High	Low	NA
Indonesia	4,154	Dutch	Election	77	6.49	Yes	Nil	High	Formal
Iran	10,695	N/A	Election	66	6.25	No	Nil	High	Formal
Iraq	3,557	British	Election	4	3.11	Yes	High	Low	Informal
Jordan	5,272	British	Heridity	118	7.74	No	Medium	High	Formal
Kazakhstan	10,451	USSR	Election	89	6.92	No	High	Medium	Informal
Kuwait	52,793	N/A	Heridity			No	High	Nil	Formal
Kyrgyzstan	2,009	USSR	Election	73	6.39	No	High	Medium	NA

Lebanon	12,364	French	Election	93	7.02	Yes	Nil	High	Formal
Libya	13,765	British	Transition	86	6.8	Yes	High	Medium	Mandatory
Malaysia	13,676	British	Election	124	8.2	No	Nil	High	Mandatory
Maldives	7,478	British	Transition	100	7.25	Yes	Nil	Low	NA
Mali	853	French	Election	52	5.85	Yes	High	Low	Informal
Mauritania	2,174	French	Selection	37	5.3	Yes	High	Low	Informal
Morocco	4,384	French	Heredity	96	7.11	No	High	High	Informal
Niger	701	French	Election	28	4.88	Yes	High	Low	Informal
Nigeria	2,102	British	Election	21	4.6	Yes	High	Medium	Informal
Oman	24,092	Portuguese	Heredity	128	8.46	No	High	Low	Informal
Pakistan	2,566	British	Election	33	5.23	Yes	Low	High	Mandatory
Qatar	87,478	N/A	Heredity			No	High	Low	Informal
Saudi Arabia	22,616	N/A	Heredity			No	High	Low	Mandatory
Senegal	1,653	French	Election	68	6.28	Yes	High	Medium	Informal
Sierra Leone	881	British	Election	13	3.77	Yes	High	Fair	Informal
Somalia	–	British	Transition	1	0.52	Yes	High	High	Informal
Sudan	1,848	British	Election	6	3.29	Yes	High	Medium	Mandatory
Syria	4,674	French	Selection	59	6.14	Yes	High	Medium	Informal
Tajikistan	2,119	USSR	Election	42	5.36	No	High	Medium	Informal
Tunisia	8,103	French	Transition	112	7.61	Yes	Low	High	Informal
Turkey	13,710	N/A	Election	98	7.18	Yes	Low	High	Informal
Turkmenistan	7,782	USSR	Election	35	5.27	No	High	Medium	Informal
UAE	42,716	N/A	Heredity			No	High	Nil	Formal
Uzbekistan	3,201	USSR	Election	36	5.3	No	High	Medium	Informal
Yemen	1,820	British	Transition	30	5.18	Yes	High	High	Mandatory

*Source:* compiled from the literature used in this work, in particular: Column 2- UNDP, 2009; 2013; Column 3- Hasan, 2012b; Column 4 and 7- CIA, 2014; Column 5 and 6- Rice and Patrick, 2008; Column 8 and 9- Hasan, 2012a; Column 10- relevant country document used in this work and Powell, 2010

Philanthropy in Islam, however, has many forms and facets (discussed in Chap. 3). Nonetheless, giving in Muslim communities traditionally have been in the form of casual almsgiving (Marcus, 1989: 214), being deemed to be private matter, without any records. The absence of recorded information about giving (protecting the giver from sinful boasting or the recipients' dignity) resulted in no reliable relevant information. The main discussion of this chapter is about obligatory giving or charity, and thus, the next section, in brief, highlights important factors related to the other types of (primarily nonobligatory) giving and charity.

## 5.2 Nonobligatory or Voluntary Giving (Different Forms and Levels)

The most important and common form of giving in Islam is *sadaqa* (nonobligatory charity) given for “moral excellence and virtue.” As “*sadaqa*” is voluntary, no specific guidance is available except that giving to the needy is good as it removes “from you some of your (stains of) evil” (al-Qur’an, 2:271<sup>12</sup>). *Sadaqa* given to family members, including the parents and children earns significant rewards (Hasan, 2009; also see McChesney, 1995). The Qur’an provides a very broad category of neighbors and advises the Believers to do good deeds, among others, to “neighbors” of kinship, matrimony, journey, or space (Hasan, 2007, 2009). Muslims practise *sadaqa* primarily for four different reasons or occasions: as a part of religious rituals, as a life-cycle ritual, as a *kaffara* (for making good wrong actions or for expiation for missing obligatory rituals), and any time as a gratitude to God (Hasan, 2009). “*Sadaqa*” is popular because of the concept of *sadaqa jariya* (continuous) or giving in social or community ventures (e.g., the establishment of schools or hospitals) that earn Heavenly rewards beyond the charity giver’s life, i.e., during the life of the beneficiary institution. People contribute voluntary labor<sup>13</sup> and funds in establishing and maintaining religious or regular schools everywhere, especially in South Asia.<sup>14</sup> It is also very common to have local infrastructure (rural roads, bridges, culverts, or dams), water supply (e.g., sinking hand pumps for water), sanitation facilities, or skills development centers established and run by *sadaqa*. Furthermore, many Believers offer *sadaqa* all-round the year to show gratitude to God (often

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<sup>12</sup>The first set of digits refers to Chapter number in the Qur’an; the next one to the verse number. In subsequent references in this chapter only the digits are mentioned. Please note all verses of the Qur’an in this Chapter are taken from the English version by Abdullah Yusuf Ali (1938).

<sup>13</sup>This is often in lieu of the monetary contribution, as in Bangladesh (discussed in Hasan, 2007), not to have the poor people left out from the “Heavenly Rewards.”

<sup>14</sup>Approximately 99 % of about 8,000 *madrasas* in Bangladesh are established and run by the community. In addition, there are *muqtubs* attached to approximately 200,000 mosques in the country (cf. Hasan, 2007).

distributing meats from sacrificed cattle) for recovering from illness, escaping injuries (physical, financial, or social), succeeding in worldly affairs (e.g., for good academic results or getting jobs), doing good in jobs or business, etc. (Hasan, 2009).

During Friday, *Eid al-fitr* and *Eid al-Adha* prayers the congregations donate for the needy, good contemporary cause (e.g., the construction of a new mosque), some emergency projects in the neighborhood (e.g., repair works for roads, schools, *madrasa* buildings, mosques, or graveyards). There is then the sacrifice of cattle during *Eid al-Adha* (or the festival of the sacrifice coinciding with the *Hajj* pilgrimage to Mecca). During this festival wealthy people are required to sacrifice in the name of God, and distribute two-thirds of the meat to others, and donate the hide to poor people or for other causes (e.g., running of the orphanages). Many people performing the *Hajj* offers sacrifice. Annual ritual sacrifice is undertaken by millions of Muslims, but no datum is available. An estimate from one of the poorest MMCs, Bangladesh, suggests that in the 1990s different charity organizations (e.g., orphanages) used to earn at least 500 million taka (\$10 million; equivalent to the annual salary of 14,000 *madrasa*-teachers) annually by collecting hides of the sacrificial animals (Ahmad and Hasan, 2006).

Giving to the beggars is also influenced by religious dictum of helping the poor and destitute. People also donate for special causes, e.g., victims of criminal acts, or fatal diseases often organized by the media (electronic and print). These transparent and accountable resource mobilization programs, with a minimal overhead cost, attract much public response and raise significant amount of money. This fact also suggests that people contribute more in charity if the giving is well accounted for and guaranteed to be used for good cause.

The middle income group, in general, give comparatively more and mainly to individuals, while the higher income group invest in religious institutions (i.e., respective prayer houses, *madrasa*, orphanages, etc.), in general, in their birth places. Some recent works also highlight a new form of charity as a responsibility or gratitude to the community by the foreign wage earners. For example, the South Asian expatriates working in the GCC countries gift about 5 % of their income to the family or friends.<sup>15</sup>

There also have been giving by the business entities in the GCC, such as the corporations in Saudi Arabia, in charitable activities, CSR initiatives or in the running of strategically oriented philanthropic programs (Shalaby, 2008). According to a recent McKinsey report people in the six GCC countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE) give an estimated \$15-billion to \$20-billion to charity each year, less than \$2-billion of which go to nonprofit efforts to fight poverty, improve education, or other charitable causes (Mills, 2009).

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<sup>15</sup> Revealed in a recent work by K.C. Zakariah and S. Irudaya Rajan, *Kerala's Gulf Connection, 1998–2011: Economic and Social Impact of Migration*, Orient Black Swan, New Delhi, 2012. Based on this claim, 5 % remittance as “gift” in Bangladesh will equal to \$340 million, \$300 million in Morocco, and \$250 million in Nigeria corresponding to total annual remittance of about \$8b, \$6b, and \$5b, respectively.

Many Muslims believe that contributing funds for creating jobs can be the most sacred and valuable form of social responsibility of the private sector (Daly, 2007). Many others, with cash in hand, historically have got involved in a unique charity—*qard al-hasanah*. Islam encourages “*qard al-hasanah*” (QH; a benevolent interest-free loan; also spelled *qard al-hassan* or *hasan*) from the one with funds to one without. Thus, *qard al-hasanah* has been a major method of entrepreneurship development and poverty alleviation in many MMCs. The QH model, sourced in the social fund (made up of *zakat*, *sadaqa*, or other charity), requires the borrowers to repay only the borrowed amount fostering affection, brotherhood, and solidarity among the lenders and borrowers (Widiyanto, Mutamimah, & Hendar, 2011).<sup>16</sup>

*Qard al-hasanah* financing has been implemented by the *Bait al-mal wa at tamwil* (BMT) in Indonesia or by al-Akhwat in Pakistan (cited in Widiyanto et al., 2011). The BMT in Indonesia performs dual functions as a financial intermediation offering saving opportunities and QH microenterprise financing, and collects (guaranteeing the best possible social benefits in distributing) *zakat*, *sadaqa*, and *infaq* (and other spending in the name of God) (Widiyanto et al., 2011). The BMT offers services such as *mudarabah* (profit sharing)<sup>17</sup> facilities, *musarakah* (joint-venture),<sup>18</sup> pilgrim savings, religious offering savings (for buying sacrificial cattle for the *Eid al-adha* celebration), farmer savings, educational savings, pension savings, etc. as well as QH for microenterprises (Widiyanto et al., 2011).

MMCs in Africa, for example Egypt, also have been experimenting with QH in different forms. For example, the Dar al Orman in Egypt is involved in poverty alleviation through QH projects with about 15,000 projects in skill-upgrading, microenterprise development through its 16 chapters, 620 employees, and 5,000 volunteers. Another major organization, the Nasser Bank in Egypt, is also involved in a unique approach such as entrepreneurship development and job creation by providing trade implements to the needy and to recover the cost amount from the profit beginning from the fourth month after loan disbursement (Atia, 2011). *Sadaqa* is increasingly being utilized in the microenterprise or micro-finance programs, turning *zakat* recipients into *zakat* payers (Atia, 2011). Nonobligatory charity such as *sadaqa* has been a source of human security in Muslim communities for centuries.

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<sup>16</sup>The *Shari'a*, however, advises the borrowers to pay (some compensation or profit) on the principal amount even if the lender does not demand any (cf. Saeed & Akbarzadeh, 2001: 192–3; Hussain, 1999: 178–9).

<sup>17</sup>Profit sharing activity with combined inputs (shared by the respective capital, and physical and/or mental labor providers) where the loss is borne only by the provider of the capital (Hasan, 2007).

<sup>18</sup>Two or more parties provide capital in a joint venture and share in the profit or loss according to the agreed terms (not corresponding to the capital contribution ratio). Additional payments can be made over and above the financier's share of the profits to reduce the financier's equity to zero and ensure full ownership of the other party(ies) (Hasan, 2007).

### 5.3 Obligatory Charitable Giving

Islam allows personal wealth, opposes wealth accumulation through exploitative measures, and promotes giving. One important method of giving in Islam is *zakat al-mal*, one of the five pillars of Islam. Any individual with movable and immovable assets (excluding the dwelling unit and items for personal use)<sup>19</sup> valued to more than 85 g of gold (known as *nisab* or the minimum threshold) is supposed to pay *zakat al-mal* (see Chap. 3; Hasan, 2007). The amount of *zakat al-mal* to be paid varies from 2.5 % for savings and wealth for Sunni Muslims, 5 or 10 % (known as *ushr*) for primary produce<sup>20</sup> for Sunni Muslims, and 5 % for Shi'a Muslims on nine items only.<sup>21</sup> For the Sunni Muslims, *zakat al-mal* on business (production, mining, fishery, shipping, supply, agriculture, services, or other profit making activities) is obligatory. *Zakat al-mal* is also obligatory on earnings from business manufacturing, mining, or other services, irrespective of character of the business—sole ownership or partnership with fellow Muslims or non-Muslims, cooperative, shares, or other forms (Hasan, 2007).<sup>22</sup> For industry and income from investments *zakat al-mal* is levied at the rate of 10 % on the net profit (Gambling & Karim, 1986). Liquid or circulating business assets are also subjected to *zakat* payment.<sup>23</sup>

The Prophet said, “One-fifth is obligated on *rikaz*,” i.e., the group of things buried in the earth—it may be reasonable to impose 10 or 5 % *ushr* on the value of extracted minerals relative to the cost involved (al-Qardawi, n.d.). The scholars of the al-Alzhar have recently issued a *fatwa* (religious edict) that the Egyptian government should pay 20 % *zakat al-mal* (the traditional amount for mineral deposits) on its oil and gas sales; the implementation of the edict may make available two billion dollars annually for redistribution to the poor (Powell, 2010).

Muslims are also advised to pay *zakat al-fitr* during the *Eid al-fitr* festival. *Zakat al-fitr* (literally meaning “nourishment”) is to be paid in charity for every individual (who can afford) during the *Eid* (literally meaning “happy”) festival marking the end of the fasting month. The Prophet Muhammad made compulsory for all slaves

<sup>19</sup> Modern Islamic scholars favor paying *zakat* voluntarily on dwelling houses, consumer durables (television, refrigerator), and jewels and gems (in excess of what is considered essential; obviously not included in the original list for calculation of *zakat*). They argue that the so-called non-productive assets can be seen as hoarding in non-liquid form, and thus, *zakat* needs to be given within the purview of Islamic law (Zafree & Amin, 2003: 45); see also al-Qardawi, n.d.; Hasan, 2007 for details.

<sup>20</sup> The Prophet said, for the produce from a land irrigated by rain or by natural water channels one-tenth should be paid as *zakat* (also see Ali, 1938: no. 1319); and from the land irrigated by the well, one-twentieth is payable as *zakat* on the yield (Bukhari, 1971: 2:24:560).

<sup>21</sup> On gold and silver coins; on camels, cows and sheep; on wheat, barley, dates and raisins.

<sup>22</sup> According to the Sunni Hanafi School, *zakat al-mal* is not applicable to the company capital, rather on the individual share, subject to the *nisab*. Again, *zakat al-mal* can be levied, only on such parts of the shares that are invested. *Nisab* amount for the shares should be the present market value (Zafree & Amin, 2003: 45).

<sup>23</sup> Buildings, furniture and fixtures of stores that are not acquired for sale are not *zakatable* assets (al-Qardawi, n.d.).

or free-Muslims, male or female, giving 2.75 kg of the staple food<sup>24</sup> (or equivalent amount) as *zakat al-fitr* (Bukhari, 2:25:579–584, 586, and 588).

Since *zakat* prevents accumulation and exploitation of wealth and helps avoid social conflicts (Dean & Khan, 1997), its effective collection and proper distribution both are very important. From the early days of Islam there had been a position for *zakat* collector (Bukhari, 1971: 2:24:530–35). Islam provides detailed guides in the equitable calculation of *zakat*, and an honest and fair system of *zakat* collection and distribution. The Qur'an, in the verses 9:103 and 104, commands the Prophet to collect *zakat* from the eligible Believers. *Zakat* collection was regarded such an important responsibility, the Prophet himself used to supervise and monitor the collection of *zakat* by appointing collectors (Shahih Bukhari, 1971:2:24:576).

Umar bin al-Khattab, the second caliph of Sunni Muslims, by appointing, and paying *zakat al-fitr* to, the official collectors ensured proper and accountable collection and distribution of *zakat*. Caliph Ali on the occasion of appointing Malik as Governor of Egypt identified *zakat* administration for the welfare of the needy people as a major responsibility of the government.<sup>25</sup> Two important features of *zakat al-fitr* are paying ahead of the *Eid* day, and to the official collectors so better and equitable distribution to the needy can be arranged by the *Eid* day.

In the classical era, in Muslim communities, there had been an official of the Islamic treasury assessing and collecting yearly dues on all kinds of wealth (Kuran, 2004: 4). There had been guidance, even in those days, about the type and size of cattle head that must be returned to a person who can only offer a larger type and size of cattle to the collector than the one he is required to pay as *zakat al-mal* that year (Shahih Bukhari, 2:24:528, 533). Nonetheless, the calculation and payment of *zakat al-mal* on many important forms of wealth were left to the individual's conscience. The responsibility of *zakat al-mal* payment was always left on the discretion<sup>26</sup> of the "owner of the assets" not the "collector" with specific guidance: "If somebody tells you that he does not possess enough wealth to make him liable to pay taxes then do not worry him and accept his plea." The *zakat* collectors are advised to be honest, non-intrusive, and respectful to the *zakat* payers, irrespective.<sup>27</sup> Though it is called obligatory charity, *zakat al-mal* payment remains optional subject to the religious conviction and/or conscience of the wealthy.

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<sup>24</sup> The original dictum was one *Sa'* (an old Arabian measure equivalent to 2.75 kg) of dates or barley (the staple food of the Arabs). Each country now calculates *zakat al-fitr* equal to the price of 2.75 kg of staple food. The volume was fixed believing it to be enough for making bread for 3 days of Eid celebration for a person when no work was to be available, see *The Encyclopaedia of Islam*, New Edition, E.J. Brill, Leiden; NY, 1993.

<sup>25</sup> *Nahj al-Balagha*, Letter 53.

<sup>26</sup> *Nahj al-Balagha*, Letter 25.

<sup>27</sup> For example, "When you reach a group of people (tribe or village) to assess a tax [*zakat*] on them, then stay only at their watering-place (a well or water-hole, the most convenient place for stay in the desert regions) and do not stay in their houses. Then go to them maintaining your dignity and prestige and when you are in their midst, wish them peace and blessings of Allah and show due respect to them." *Nahj al-Balagha* (by the fourth Caliph of the Sunni Muslims Ali ibn Abi-Talib), Letter 25.



In the recent past, many MMC governments have created separate administrative entities to collect, and distribute *zakat* to poor people, poverty focused programs, welfare agencies, or development organizations. These governments, being responsible for making sure that possible *zakat* payer receives help in calculating and paying the required amount of *zakat* at the right time formalized collection and distribution of *zakat al-mal*. There are three models of *zakat* management in MMCs: “mandatory”—*zakat* management is institutionalized making *zakat* collection and payment obligatory; “formal”—*zakat* management is institutionalized not making collection and payment obligatory; and “informal”—*zakat* management is kept outside the government’s purview, not disturbing individual discretion in paying and receiving *zakat*.

Twenty-three out of the 47 MMCs under discussion (Table 5.1)<sup>28</sup> have “informal” system of *zakat* payment and receipt. *Zakat* givers in these MMCs choose beneficiaries (family members, people in the neighborhood, an important cause, e.g., health care for somebody) and the process (to the beneficiaries directly, local mosques or charities). There are some exceptions though. For example, *zakat*, although not mandatory in Oman, is administered by the Ministry of Religious Affairs and Endowments (Powell, 2010). Also though not a national government responsibility, some state governments in Nigeria have assumed the responsibility of *zakat* management. For example, the Kano State Islamic Council of *Zakat* achieved tremendous success in *zakat* collection. In the first 20 years the collection increased by about 560 % (reaching 2.9 million naira from 5,175) (Abedayo, 2011).

Not only in the calculation and collection, Islam provides specific guidelines in the distribution of *zakat al-mal*. While *zakat* is meant to purify wealth it is also meant to be distributed to reduce distress of the poor. The Qur’an categorically identifies eight different groups of people and activities eligible to receive *zakat* funds. These are the poor and the needy,<sup>29</sup> and those who collect them, and those whose hearts are to be reconciled, and to free the captives and the debtors, and for the cause of Allah, and (for) the wayfarer (al-Qur’an, 9:60). Nobody else or no other purpose was allowed to receive *zakat* funds and anyone taking something from the resources of the *zakat* unlawfully will face Allah’s punishment (Shahih Bukhari, 3:47:769).

The first two groups of MMCs (with “mandatory” and “formal” *zakat* collection systems), not the MMCs with informal *zakat* distribution systems, are discussed in the later part of this chapter. The discussions in the following two sections deal with the process of collecting or giving *zakat*, and the extent, distribution, and use of *zakat* in MMCs in each group. The discussions highlight the unique features in each group of MMCs to show the variations leading to the concluding part of the chapter.

<sup>28</sup> Afghanistan, Algeria, Azerbaijan, Burkina Faso, Chad, Iraq, Kazakhstan, Mali, Mauritania, Morocco, Niger, Nigeria, Oman, Qatar, Senegal, Sierra Leone, Somalia, Syria, Tajikistan, Tunisia, Turkey, Turkmenistan, and Uzbekistan.

<sup>29</sup> The “*faqir*” (poor) is one who on account of some difficulties is unable to earn a living, while the “*miskin*” (needy) is one who though fit to earn a living, due to lack of resources or on account of poverty, is unable to do so, e.g., the unemployed graduates (Abedayo, 2011).

## 5.4 MMCs with Mandatory *Zakat* Collection System: Libya, Malaysia, Pakistan, Saudi Arabia, Sudan, and Yemen

### 5.4.1 *Zakat* Collection Process

Only six MMCs (Libya, Malaysia, Pakistan, Sudan, Saudi Arabia, and Yemen) out of the 47 MMCs in Africa and Asia have mandatory *zakat* collection system entwining *zakat al-mal* (*zakat* on wealth) with the tax system of the country to simplify, make proper use of, and promote *zakat*. There are also variations within the mandatory systems. For example, some mandatory *zakat* collection systems emphasize elements of *zakat* that function as income tax (Malaysia), others emphasize *zakat* (or tax) on accumulated wealth (Pakistan), and even others claim to enforce *zakat* according to the classical jurisprudence (Yemen). Furthermore, among these six MMCs, only Pakistan has constitutional provisions of *zakat* (as well as *ushr*) collection as a governmental obligation.<sup>30</sup> Sudan and Yemen also have constitutional provision of *zakat* management. Saudi Basic Law (with constitutional status) mandates *zakat* collection as the state responsibility.<sup>31</sup>

The *Zakat* Committee in Pakistan has been very sincere and progressive in advocating (as early as in 1952) for the application of *ijtihad*<sup>32</sup> in the management of *zakat* in Pakistan because the “Islamic Law” did not have “ultimate validity” and needs to be reexamined in cases such as the assessment and distribution of *zakat* “in the light of the changing circumstances” (Malik, 1999: 86). With the entwined tax and *zakat* collection system in Pakistan, a large percentage of *zakat* is collected at source being deducted from 11 assets mentioned in the First Schedule to the Ordinance.<sup>33</sup> The annual (2.5 %) *zakat* payment is deducted from the selected accounts with

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<sup>30</sup> “The state shall endeavor, as respects the Muslims of Pakistan: to secure the proper organization of *zakat*, [*ushr*], *awqaf* and mosques” (Government of Pakistan, 1973, The Constitution Of The Islamic Republic Of Pakistan, Article, 31).

<sup>31</sup> This paragraph is based on Powell (2010) (unless mentioned otherwise).

<sup>32</sup> *Ijtihad*, opposite of *taqlid* or following without understanding is a jurist’s independent analysis and decision about an issue not covered by the Qur’an, Sunnah, or *Isma* (jurists’ consensus).

<sup>33</sup> The list includes bank savings accounts; notice deposit accounts; fixed deposit accounts; savings certificates; national investment trust units; Investment Corporation of Pakistan certificates; government securities; shares of companies; annuities; life insurance policies; and provident funds. The purpose of restricting the compulsory deduction of *zakat* to these 11 assets was to establish a system that is operationally feasible, administratively convenient, and socially acceptable within the existing economic framework (Islam & Sarker, 2003: 234–5).

balance over the *nisab* level<sup>34</sup> and transferred to the Central *Zakat* Fund.<sup>35</sup> Applicable *zakat* for the public sector employees is also deducted at source.<sup>36</sup> In Libya, the General Directorate for *Zakat*, a separate entity, collects the *zakat* (Powell, 2010).

In contrast to the system introduced in Pakistan involving public institutions in *zakat* collection, *zakat* collection in Malaysia has been professionalized with the involvement of private organizations under the aegis of the Islamic Council, to better achieve the goals of Muslim philanthropy. Islamic Councils in all 13 states and in the Federal Territory of Kuala Lumpur under the supervision of Islamic Religious Department have created *Zakat* Collection Centers (PPZ), with official edict (*fatwa*) that since the Qur'an (9:60) dictates the distribution of *zakat* under eight heads including "those employed to administer the (funds)," 12.5 % expense for collection (to the private collecting agencies is allowable). Libya and Pakistan allow 10 % as the collection expense (Powell, 2010).

Some other countries have introduced an improved system to ensure better collection and use of *zakat*. For example, Saudi Arabia has consolidated *zakat* collection system under the aegis of the Directorate of *Zakat* and Income Tax (by combining the two). The Saudi Law requires all Saudi and Gulf Cooperation Council state citizens (and companies) pay *zakat* at the rate of 2.5 %.<sup>37</sup> *Zakat* in Yemen is assessed and collected by the Administration of Duties, which coordinates the collection activities at the national, governorate and local levels (Powell, 2010).

*Ushr*, at the rate of 5 %, with *nisab* at 825 l or 652.8 kg of agriculture produce, is also applicable to all Muslims, in addition to the real estate tax levied on all lands (and no *kharaj*)<sup>38</sup> (al-Qardawi, n.d.). MMCs mandating the collection have defined *zakat* and *ushr* differently. The *Zakat* Ordinance in Pakistan allows the local *zakat* collection committees to collect *ushr*, at the rate of 5 % of the produce, within their respective jurisdictions. The *Zakat* Board has the responsibility to supervise the assessment and collection of *ushr* by the provincial governments (Hasan, 2007).

<sup>34</sup> Fixed at Rs.1,000 in 1980; revised every year; in 2013 it was refixed at Rs. 41,872 or \$405, *The Nation*, 7 July 2013.

<sup>35</sup> The *Zakat* Deducting Agencies (i.e., public financial institutions such as banks and post offices) deduct *zakat* money on the accounts balance on the first day of the month of *Ramadhan* (the month of fasting) without any reference to the asset-holder (Islam & Sarker, 2003: 234–5).

<sup>36</sup> Non-Muslims and Non-Pakistanis are exempted from the compulsory deduction of *zakat* (Islam & Sarker, 2003: 237). There are other exclusions as well. For example, a government or local authority; legal corporation, company, enterprise or its subsidiary owned wholly by the government or local authority; a *zakat* fund; a charitable endowment; a religious school; and a mosque are not subject to this *zakat* deduction system (Islam & Sarker, 2003: 236).

<sup>37</sup> The *zakat* payers, i.e., Saudi and other GCC nationals and companies, are required to file a declaration showing *zakatable* goods, properties, cash, and profits. A financial officer reviews the declaration and then informs the *zakat* payer of the amount of *zakat* that is owed (Powell, 2010).

<sup>38</sup> *Kharaj* is land tax, especially for non-Muslim landowners.

The *Zakat* Fund in Sudan collects *zakat* on invested wealth and cash income; however, *zakat* on trade and agricultural products (*ushr*) accounts for 36 % and 42 %, respectively (Powell, 2010). According to the *Zakat* Act of Libya, 1971 *zakat* is collected on livestock and crops, but not on monetary assets (Powell, 2010). Yemen takes a traditional view of *zakat* and makes no analogy to make *zakat* on income, shares, or savings (Powell, 2010).

MMCs with mandatory *zakat* collection systems follow different approaches and include different items under *zakat* laws; nonetheless, better *zakat* collection system yields better results. Nontraditional *zakat* collection systems even through private professional bodies have been used resulting in exponential increase in *zakat* collection. Professionalization of *zakat* collection in Malaysia with the use of private collection agencies has yielded the desired benefits at an expense of 12.5 % of the collection<sup>39</sup>; total *zakat al-mal* collection in 2012 rose (about 400 % since 1991, the year the program begun) to about RM330 million (or US\$100 million from RM87.5 million in 1991). Not many studies have been undertaken on the market value of the philanthropic and voluntary activities in other countries. Pakistan is a good success story though. A study in Pakistan estimated that the people contribute about 1.5 % of the GDP (PPP\$540 billion or \$230 billion at the official exchange rate) or about PPP\$8.1 billion in 2012<sup>40</sup> (Ghaus-Pasha & Iqbal, 2003). The next part of this section highlights the practices of using *zakat* funds in MMCs with mandatory *zakat* collection system.

#### 5.4.2 *Obligatory Giving: Extent, Distribution, and Use*

The most progressive system of *zakat* distribution and use is existent in Malaysia. *Zakat* distribution in Malaysia is still the function of government agencies under the Islamic Council but with an improved system to influence collection and use of *zakat*. The *Bait al-mal* Division of the Islamic Council of Malaysia, being responsible for *zakat* distribution, has very systematically expanded the possible “eight groups” of *zakat* recipients to suit the purpose of the present world and modern needs of the concerned people ensuring the possible best use of *zakat* (see Box 5.1). For example, the item referring to “Those in bondage or to free slaves” has been expanded to include: to free Muslims from ignorance; to free a Muslim community from a very oppressive condition; and to free those trapped in prostitution.

<sup>39</sup> Cited in Hasan (2007) from a discussion with Mr M.Rais H.Aias, General Manager, PPZ, Kuala Lumpur, Malaysia.

<sup>40</sup> The National Survey of Individual Giving (1998–1999) estimated individual giving in Pakistan during 1998 as Rs. 30 billion (1.5 % of the GDP) comprising Rs. 14 billion in *zakat* and Rs. 16 billion in non-*zakat* donations. The \$ figures are updated in proportion to the current GDP; see also AKDN (2000).

**Box 5.1 A Modern Approach to Define the *Zakat* Recipients***1 and 2. Destitute and Poor*

Food, finance, medical, Ramadhan (fasting) aid, rent, marriage

Scholarships, educational aid, uniforms, bags, shoes

Emergency, disaster; Skills training; Business aid

House repairs or construction; Aid for disability; Shelter for women and children

*3. “Those who collect them” (*Zakat Administration*)*

To pay expenses of *zakat* collection, administration, and development

*4. “Those whose hearts are to be reconciled” (*New Converts*)*

Religious Instruction; Aid for temporary shelter

Aid to organizations undertaking dakwa (proselytization movement)

Marriage

*5. “To free the captives and the debtors” (*Those in bondage or to free slaves*)*

To free Muslims from ignorance

To free a Muslim community from a very oppressive condition

To free those trapped in prostitution

*6. “To free the captives and the debtors” (*For those in debt*)*

Food debts; Educational debts; Medical treatment debts

Rental debts; Funeral expenses debts; Petty traders' debts

*7. “For the Cause of Allah” (*or in the way of Allah*)*

Dakwah (proselytization movement) activities (individuals and organizations)

Seminars, workshops, and activities carried by universities, schools, and

associations that help to develop Muslims, especially students and youths

Publication of dakwah materials/books; Aid for disasters

*8. “for the cause of Allah” (*For travellers*)*

Aid to stranded travellers

*Created by the Bait al-mal Division of the Islamic Council of Malaysia; See Hasan (2007); The digits correspond to the eight items suggested in the Qur'an (see Al Qur'an 9: 60 for the original eight categories).*

Sudan also has reformed some aspects of the eight categories mentioned in the Qur'an, allocating the largest portion (61 %) to the poor and needy (40 % of which in cash) and 14.5 % to the *zakat* collectors. The rest is to be allocated to the six other categories. The category “in the way of Allah” has been extended to include charity works for clinical services at hospitals, digging wells and constructing canals, settlement of nomads, and placement of refugees; and the category “to the wayfarer” was used in 2003 to help return Sudanese nationals stranded in Yemen, Iraq, Syria, and Lebanon (Powell, 2010).

Pakistan did not change the “eight categories,” but has elaborated the *zakat* distribution system focusing on education, health, and poverty alleviation. The distribution system seems to be functioning well in Pakistan. The Government of Pakistan has formed as many as 39,523 *Zakat* Committees at district, *tehsil*

(sub-district) and local levels, to make *zakat* disbursement system more effective and transparent across the country. *Zakat* committees at different tiers in Pakistan are formed in different ways and chaired by individuals with extensive skills, professionalism, personal integrity, trust, and legal expertise (such as the senior people in the judiciary) (Islam & Sarker, 2003: 233–4). The local *zakat* Committees are responsible for determining the amount of compulsory *ushr*, collecting voluntary *zakat* and donations, and disbursing *zakat* money received from the provincial *zakat* council. The district committees collect *ushr* and receive a portion of the *zakat* collected by the Central *Zakat* Fund to distribute within the district for different social and economic development purposes (Hasan, 2007).

*Zakat* in other MMCs, for example Libya, collected by the General Directorate for *Zakat* is distributed by the Social Welfare Department. About 50 % of the fund is dedicated to supporting the poor and needy, 30 % is allocated to the Organization of Islamic Call, which supports promotion of Islam outside the country<sup>41</sup> (Powell, 2010). Saudi Arabia and Yemen have reformed systems of collecting and paying *zakat*, but did not make much change in the distribution category and patterns. Many *zakat* collection agencies have been investing the *zakat* funds. For example, the *Zakat* Board in Pakistan supervises the distribution as well as investment of *zakat* funds to make profit until disbursed (Hasan, 2007).

Arab MMCs in this group (e.g. Libya, Saudi Arabia, Sudan, and Yemen), however, still follow the traditional pattern of paying *zakat al-mal*. South Asia and Southeast Asia have been open, have parliamentary influence on and been experimenting with *zakat* management with desirable results. The experiments in Malaysia and Pakistan have significantly increased the volume of *zakat* collections, and improved the distribution systems and their effects. Diversity in *zakat* management is creating opportunities for other MMCs to learn from different experiences and emulate, as appropriate. There is still no sign of sharing experiences among MMCs.

## **5.5 MMCs with Formal (But Not Mandatory) *Zakat* Collection Systems: Bahrain, Brunei, Bangladesh, Egypt, Indonesia, Iran, Jordan, Kuwait, Lebanon, The UAE**

### **5.5.1 *Zakat* Collection Process**

Ten MMCs (Bahrain, Brunei, Bangladesh, Egypt, Indonesia, Iran, Jordan, Kuwait, Lebanon, and the UAE) have institutionalized *zakat* management without mandatory provision of *zakat* payment. Bangladesh has not entwined *zakat* with the tax system, but allows tax exemption for *zakat* paid to the official collection agency (the *Zakat* Board). Bangladesh *Zakat* Board regulates *zakat* supported activities. *Zakat* committees are also formed in other countries. For example, the *Zakat* Act

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<sup>41</sup> This allocation is intended to cover two categories of *zakat* recipients mentioned in the Qur'an: "those whose hearts are to be reconciled" and "for the cause of Allah" (Powell, 2010).

(1978) in Jordan established a *Zakat* Fund under the Ministry of *Awqaf*. Jordan officially encourages contributions to the *Zakat* Fund by making such payments deductible from income for the tax purpose (Powell, 2010). There are also neighborhood-based *zakat* committees to assess community needs, and collect and distribute *zakat*. No person, except for these *zakat* committees, is allowed to collect or distribute *zakat* money. In 2007, the *Zakat* Fund received more than 2.5 billion Jordanian Dinars (approximately US\$ 3.5 billion) (Powell, 2010).

In Kuwait *zakat* collection is carried out by a quasi-governmental organization (i.e., created and managed by the government)—the *Zakat* House (Khallaf, 2008a), established in 1982, supervised by the Minister of *Awqaf* and Islamic Affairs. The House in the first 23 years collected about KWD 315 million (US\$ 1.1 billion)—about 25 % of which was from the government; the rest was different forms of giving (including 30 % *zakat*) (Khallaf, 2008a). The *Zakat* House in Kuwait has recently moved toward mandatory enforcement of *zakat*, but only for local public and shareholding companies, and at a lower rate of 1 % of the net profit (Powell, 2010). Comprehensive data are not available, but around 72 registered public interest organizations in Kuwait, through their own credible *zakat* committees, have managed to gain the trust of Kuwaiti citizens to collect considerable *zakat* to be used for selected philanthropic activities (Khallaf, 2008a).

Egypt has not mandated *zakat*, but has promoted institutionalization of *zakat* management. There are over 5,000 *zakat* committees scattered around the country and about 25,000 associations to collect and distribute *zakat*. Nonetheless, *zakat* is still mostly a private matter in Egypt because many individuals prefer and give secretly, mostly to the members of the extended family or the neighborhood (Atia, 2011).

After the revolution, Iran replaced the “Western” tax system in favor of the *zakat*—at the rate of 10 %, following the Shi’a Muslim *Fiqh* (jurisprudence), applicable to annual income and on nine items only (see Chap. 4). Invoking the concept of *zarura* (necessity) income tax was reintroduced during the Iran–Iraq war. *Zakat* thus remains a pious, but legally unenforced, duty, paid by about 44 % of the population in Iran, whereas about 89 % Egyptian Muslims pay *zakat*. Even though *zakat* is not mandatory in Indonesia, people have the highest rate of *zakat* giving (94 %), with the rate even higher for those with higher education.<sup>42</sup>

The unique success in *zakat* payment in Indonesia may be attributed to the awareness program of the two very large Muslim organizations in Indonesia (Nahdatul Ulama and Muhammadiyah) with about 35 million members each (see Chap. 6). Muslims in Indonesia have been paying *zakat* to government-appointed collection bodies (e.g., Badan Amil Zakat, BAZ, and Lembaga Amil Zakat, LAZ) and voluntary collection agents, mosques, orphanages or directly to the poor. There are informal groups organizing around 630,000 mosques in Indonesia to collect funds, build religious facilities, provide religious education, and promote religious ethics and morale values. The BAZ and LAZ, the two legitimate bodies, collect and manage *zakat al-mal* as well as *sadaqa* (Radyati & Hasan, 2006).

<sup>42</sup> This paragraph is based on Powell (2010).



Lebanon has a *zakat* fund to receive and distribute *zakat* (Powell, 2010; also see Sharaiha, 2008). In Brunei *zakat* is managed by the Division of *Zakat* Collection and Disbursement under the Islamic Religious Council of Brunei Darussalam (MUIB). Brunei also has a system of paying *zakat* on all possible assets and income, e.g., savings, business, gold, silver, and paddy (i.e., *ushr* introduced in 2008) (Abdullah, 2010). The UAE *Zakat* Fund is not mandatory and receives voluntary individual alms, and contributions from other entities, a budget allotment from the UAE's general budget, and amounts generated by the fund's own activities (Powell, 2010).

The cost of administering *zakat* is met in different ways in these MMCs. No more than 10 % of the collection is used for the administrative purposes in Kuwait; the supervising Ministry, however, internalizes the administrative cost of the *Zakat* House (Powell, 2010); Sudan allows 14.5 % as collection expense. These MMCs, however, use the collected *zakat* funds differently.

### 5.5.2 *Obligatory Giving: Extent, Distribution, and Use*

In most MMCs in this group, purpose-formed government agencies are responsible for distributing *zakat* with priorities to education and health. Bangladesh *Zakat* Board give educational and skills development programs the highest percentage of *zakat* funds (44 %) followed by the health sector (22 %), and income generating materials, machines, or capital (discussed in Hasan, 2007; also see Chap. 6). The BAZ in Indonesia collects a very small percentage of *zakat*, most of which however is distributed to the local individuals and mosques (Powell, 2010).

The Grand Mufti of Egypt issued *fatwa* opening up *zakat* funds for development programs or for offering self-sufficiency among the poor, including entrepreneurship. Further, *fatwas* in the recent past have also allowed giving of *zakat* to the Egyptian Food Bank, to the construction of the Egyptian Children's Cancer Hospital, for HIV-positive people in need (regardless of their religion or the reasons of their contracting the virus). The *Zakat* funds also have been allowed for the Center for the Study of Islam and Democracy (CSID) because its works such as resisting the negative effects of oppression and dictatorship that dehumanize people fall under the category "in the cause of Allah (*fi sabil-Allah*)" (Atia, 2011).

Some MMCs, such as Brunei, uses *zakat* fund to provide supports for living,<sup>43</sup> rental, education,<sup>44</sup> or health expenses.<sup>45</sup> In the recent past Brunei also has undertaken

<sup>43</sup> For example, a five-member family's basic necessity expense is calculated to be \$805 per month, and shortfall is met with *zakat* support; low income families also receive additional payment (@ \$1,300/head of family and \$380/per person; rental (including the utility) expenses are paid at a maximum \$500.00/month (Abdullah, 2010).

<sup>44</sup> Educational support includes all forms of expenses including fees, stationery, text books, transport cost, etc. as well as \$60.00/student monthly pocket money (Abdullah, 2010).

<sup>45</sup> Health care support covers, if and as required, overseas medical expenses (including the patient's travel cost, accommodation, and subsistence allowance, \$30.00/person/day, during the stay abroad (Abdullah, 2010).



an elaborate skills development program allocating about \$1.1 million *zakat* funds for 5 years (2008–2012) for skill development and employment support program in conjunction with the Youth Development Centre of Ministry of Culture, Youth, and Sports.<sup>46</sup> In this unique example the government, the private sector (possible employers of the newly skilled), and the *zakat* fund administrator (the Islamic Council) collaborate to achieve the best possible use of the *zakat* funds in tackling a major problem of the modern world (i.e., unemployment). Capital aid for businesses is also provided in Brunei in the form of machine and equipment along with required training to selected cash-poor entrepreneurs.<sup>47</sup> Brunei also undertook a unique initiative in 2009, distributing BND\$90 million (or \$70 million at the current market rate) of the accumulated *zakat* fund<sup>48</sup> among about 4,000 individuals deemed to be in (relative) poverty to declare them free from poverty (Abdullah, 2010) who are likely to become *zakat* payers in future. Many organizations in Egypt have also turned *zakat* recipients into *zakat* givers (Atia, 2011).

Recently scholars have lent supports for the use of *zakat* funds in providing equipment, implements, or other required supports to salvage old or establish new businesses or even for providing agrarian lands to somebody as a sustainable source of work and income for a person or family (Atia, 2011). There also has been tripartite cooperation in *zakat* distribution. The Nasser Bank in Egypt combines the state, mosques, and NGO cooperation to allocate *zakat* funds for the benefit of the poor.<sup>49</sup> The Bank has done a great job and did collect 128 million Egyptian pounds *zakat* in 2005–2006 with a cumulative collection and investment of over one billion Egyptian pounds in 2004–2005 (Powell, 2010). A reasonably similar approach is in place in Kuwait. The *Zakat* House in Kuwait in the first 23 years benefited more than 102,900 local families through KWD 289,196,000 (US\$1,05 billion). An additional KWD 25+ million were allocated to numerous overseas projects in support of orphans, poor people, education, and building of Islamic centers and mosques including 400 projects throughout Egypt in the health, education and religious domains (Khallaf, 2008a).

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<sup>46</sup>The participants are offered skills in using computer and office administration, baking cakes, pastry, cooking and catering, saloon and hair dressing, car repairing and welding, and basic sewing and embroidery. Facilities provided are transportation, allowance for stationery, uniforms, training equipment, refreshment allowance, and pocket money allowance (Abdullah, 2010).

<sup>47</sup>For example, fishing boat complete with fishing equipment, taxi boat and engine, sewing machine, equipment and materials for cultivation, equipment for food processing, inventory and other equipment needed for businesses have been provided to 47 people at an expense of \$309,000 between 2001 and 2007 (Abdullah, 2010).

<sup>48</sup>In 2004 the Division of *Zakat* Collection and Disbursement in Brunei had \$239.6 million accumulated *zakat* funds (Abdullah, 2010).

<sup>49</sup>The Nasser Social Bank for decades has been an important collector and distributor of *zakat* in Egypt; *zakat* collected in the mosques are deposited in the bank. The mosque-based *zakat* Committees are legally registered to administer the *zakat* (Kandil, 1993).

The largest *zakat* collection agency in MMCs in this group seems, however, to be in Iran. The alms collection agency, the *bonyads* (religious or charitable foundations), controls an estimated 40 % of the non-oil wealth of the country. The largest *bonyad*, *Bonyad-e Mostazafin*, supports family members of the martyrs and has \$12 billion in assets and 400,000 employees (Powell, 2010).

Successes in *zakat* distribution are not only limited to large *zakat* organizations, some local *zakat* collection and distribution outfits are equally efficient in creating high impacts of *zakat* funds in MMCs in this group. Some local committees are trusted because of the government's close monitoring system. Neighborhood-based *zakat* committees in Jordan, for example, submit annual financial reports to the government agency (*Sandug*), which are carefully audited. The agency undertakes surprise inspections to the committees every year to ascertain that the *zakat* money is reaching the needy families. In addition, the committees are to keep records of weekly meetings for possible audit (Wiktorowicz, 2002). This system in Jordan ensures: (1) effective use of philanthropy through community participation in needs auditing and distribution planning; (2) transparency through detail financial reporting and minutes recording; and (3) accountability through financial recording, auditing, and surprise inspection of the delivery system and checking of the recipient benefits. All these aspects are suggested measures of ensuring accountability in voluntary organizations and are parts of governance campaign in the world. These *zakat* committees in Jordan seem to be ahead of the time.

*Zakat* is normally meant to be used in the respective collection area, but for ensuring larger community benefit *zakat* in Egypt is transferred to places of higher needs (Musa, 2003).<sup>50</sup> Some countries have made a compromise between the two situations by creating public service facilities in the *Zakat* collection area with access by individuals from all regions. Some MMCs, especially in the Gulf, are very conservative in *Zakat* management. For example, the UAE *Zakat* Fund distributes *zakat* strictly to the eight categories mentioned in the Quran (Powell, 2010).

## 5.6 Discussions and Conclusion

Considering *zakat* collection an important responsibility, the Prophet Muhammad himself used to supervise and monitor *zakat* collection. Many MMCs have undertaken effective measures to guarantee a well thought-out collection and use of *zakat* funds. Some MMCs introduced mandatory *zakat* collection system; some others have introduced formal, but not mandatory, system of *zakat* collection. Both groups have achieved tremendous success in creating different models, increasing numbers

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<sup>50</sup> Imam Shafi'i opines that the transfer of *zakat* from the locality of its origin is permitted only when no *zakat* recipient is available in the *zakat* collection area. Imam Malik, left it to the authority to select areas for *zakat* distribution. The Hanafi School finds no problem in distributing *zakat* money outside the collection area (Zafree & Amin, 2003: 48).

of *zakat* payers, expanding the volume of *zakat* collection as well as in ensuring the best use of the *zakat*. The latter group of MMCs seems to have done better in using *zakat* funds for different aspects of human security, e.g., education, health, poverty elimination, job creation.

In some other parts of the world *zakat* funds are used more on social development, social harmony, and sustainability maintenance than anything else. *Zakat*-funded activities in other MMCs promote religious harmony. For example, about 2,000 health clinics in Egypt (including 300–350 in Cairo) established and operated by *zakat* money through the local mosques offer (about 35 %) services to non-Muslim patients.<sup>51</sup>

In the recent past improvements in different countries in *zakat* management have seen much benefit in the quantity and quality of *zakat* funds. MMCs with mandatory *zakat* collection system have created many unique methods of *zakat* collection which have been very cost-effective and successful. MMCs in this group (formalizing *zakat* collection system) have successfully experimented in expanding the use of *zakat* funds in providing business capital, creating employment, offering public services, etc. Some MMCs have targeted important factors like creating accountability of the *zakat* funds collectors and distributors with great success. Most importantly high income MMC like Brunei or low income MMC like Egypt successfully combined the efforts of the government agencies, Islamic council, private business entities, and the voluntary organizations using business models in targeting human security provisions like education, health, employment with the best possible use of *zakat* funds.

Professionalization of *zakat* collection, simplification of collection through payroll system, tax benefit for *zakat* payment, community participation in needs auditing and distribution planning, financial reporting and minutes recording etc. have immensely improved *zakat* management system for human security in MMCs.

In most MMCs people pay *zakat* privately to families or in the neighborhood mainly for charity. It seems that private arrangement by the individuals is partly due to lack of a trustworthy and efficient system. Research undertaken in Sudan suggests that the perception of board capital is positively related to *zakat* payers' trust. Besides the effect of *zakat* payers' trust, the study also revealed that the perception of board capital is highly related to the perception of legitimacy of the *zakat* institutions (Abioyea, Har Sani Mohamad, & Adnan, 2011).

*Zakat* payers need a valid reason to change their *zakat* paying behavior, especially in the form of some incentives—either a guarantee of a judicious and an effective use of the *zakat* money or tax concession. *Zakat* payment has been made subject to tax exemption in many countries—for example, in Bangladesh, Malaysia,

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<sup>51</sup>These clinics, supported by the *zakat* funds, have at least 35 % Christian patients; and employ female doctors in all fields of medicine and male gynecologists (cited in Hasan, 2007); there also has been tradition of no religious segregation in such health service facilities. For example, the Nuruddin Charitable Hospital in Baghdad in the twelfth century CE did not have religious segregation. Source: BBC Documentary on Islam and Science by Jimi al-Khalili.

and Pakistan. In Malaysia, rebate on personal (not on corporate) income tax is available on the amount of money paid as *zakat*. In Pakistan, the government deducts *zakat* from the accounts of its employees who are required to pay *zakat*. These people are then given income tax deduction for the amount of *zakat* paid (Islam & Sarker, 2003). Even under the above circumstances the success rate in *zakat* collection in these countries are different. The variation can be explained only by the fact that while private collection agency and government distribution agencies in Malaysia have created much trust among the *zakat* payers, the level of trust on the collection and distribution agencies in other MMCs may be much lower.

As seen from the examples in Brunei and Malaysia, the funds raised for *zakat al-mal*, if used judiciously, can solve some of the human security issues. It requires the government or religious scholars in MMCs to work and try to expand their *zakat* distribution guides to suit the respective country needs. Reform needs are to be supplemented by an efficient and effective *zakat* collection system. It is worth noting that in the absence of a unified and central body of Muslim *imams* or jurists in Sunni Muslim countries, the onus is on the respective government legislative bodies to initiate changes in the charity laws.<sup>52</sup>

A major criticism of the “reformed” *zakat* distribution program, as in Malaysia or Pakistan, is that if *zakat* is used to fund community programs, it is possible that donors might benefit from their own contributions in violation of the traditional *fiqh* (Powell, 2010). There is also the question of *tamliq* related to the distribution of *zakat*. The principle of “*tamliq*” suggests that the *zakat* payer has to make the poor the owner of “*zakat*.” So Monzher Kahf (2003) opines that building of school or providing medical services for the poor from *zakat* is problematic because according to the principle of *tamliq*, *zakat* has to be given directly to the poor; “you cannot give him service instead.”<sup>53</sup> Some analysts, however, suggest that the principle of *tamliq* does not necessarily mean “*tamliq* to the *Fakir* or *Miskin*”; the condition of *tamliq* can be fulfilled by transferring *zakat* to agencies or organizations using it for the suggested purposes (Quader, 2003: 90). Taking the concept of *tamliq* further, *zakat* money in Egypt has also been allowed to be invested in constructing factories, farms or other income-generating enterprises as long as the targeted beneficiaries become shareholders or partners in the proposed industrial, commercial, or agricultural initiatives (Atia, 2011).

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<sup>52</sup> There are already models of government’s initiatives in reforming Islamic system of human relationships. For example, many Muslim majority countries have improved the family laws to suit the present-day needs and making it compatible to respective civil laws within the basic principles of Islam. Shi’a Muslims in Iran have an institutionalized system of Islamic jurists to regulate all religious affairs including the *zakat* management, through the “*bonyads*” (religious or charitable foundations), for example (see Chap. 5).

<sup>53</sup> Kahf (2003) suggests a solution to this issue: *zakat* can be given to a poor person on condition that the recipient use it for health services. Medicine can also be given because medicine is something that a poor can own. Thus, *zakat* money cannot be given to a health centre to provide medical service to the poor by hiring a doctor. One can also provide shelter with *zakat* money on condition that he or she will be made owner of that house (Kahf, 2003: 85).

Philanthropy functions diversely in MMCs contributing differently to human security. There are successful new models of *zakat* management including collection methods, distribution heads, and cooperation among the government agencies, Islamic council, private sectors, and other voluntary organizations. There should be endeavors in emulating the successful models so all MMCs can experience success in the best collection and use of *zakat* funds to influence human security. Now the question is why philanthropy, its focus, and performance are different in different MMCs.

Among the 47 MMCs in Africa and Asia, 15 have formalized *zakat* collection and distribution system either making it mandatory (Libya, Malaysia, Pakistan, Saudi Arabia, Sudan, and Yemen) or not mandatory (Bahrain, Bangladesh, Egypt, Indonesia, Iran, Jordan, Kuwait, Lebanon, and the UAE). Eight of these 15 MMCs with mandatory system undertook the measure as “strong state” during the respective military rule; the rest after the Islamic revolution (Iran) or with hereditary rules (Bahrain, Jordan, Kuwait, and the UAE).

One of the most reformed and comparatively successful systems was introduced in Pakistan by the military ruler in the 1980s (that followed the reforms of another military ruler in the 1960s). The most effective, Malaysia’s initiative, was under the then Prime Minister Dr Mahatir Mohammad when he was at the pinnacle of power representing a strong political party with successful political alliance supported by even powerful and highly legitimate Islamic Council (because of its scholarship, and trust among the people). Malaysia is a strong state because of the practice of successful democracy. It was interested in promoting Islamic values and ensuring giving *zakat* becomes *ibadah*. Saudi Arabia was a strong state as a tribal hereditary monarchy, and reformed the *zakat* system as soon as the charismatic (Crown Prince) Faisal became the King in 1964.

The traditional “private” or informal *zakat* management system is still operational in 23 MMCs where the state left the system untouched (Table 5.1). The only feature common among these 23 MMCs (except Turkey) is the existence of strong tribal system. Turkey, being an advocate of separation of religion and state, has not undertaken any measure to promote or hinder philanthropy. It may be argued that there is hereditary system in this group of countries (e.g., Oman, Morocco, and Qatar) that could have done what Bahrain or Saudi Arabia did. Traditionally powerful multiple competing tribal groups (see Hasan, 2012a) in MMCs with a hereditary system of government (Oman, Morocco, and Qatar) made the government, if not the state, weak. So the King (Morocco), Sultan (Oman), or the Ameer (Qatar) has been non-interventionist, especially in social or religious matters.

Considering the above, it could be asked why the military governments in many other MMCs did not follow their counterparts in the above group? Again the answer is because of the existence of many powerful tribal groups and their (internal conflicts or at least) competition the army had to negotiate their way into the political and be away from sensitive issues such as interfering on the tradition or reforming the religious doctrines. Yes, tribal system was also dominant in eight MMCs institutionalizing a *zakat* system, but in all these MMCs only one tribe has been the most powerful running the hereditary system (e.g., Bahrain, Saudi Arabia, and the UAE) or the government had been excessively authoritarian (e.g., Libya, Sudan, Yemen).

A reformed system of managing *zakat* may improve the extent and outcome of philanthropy, but is subjected to local power structure in a weak state—a characteristic of most MMCs. Due to the absence of a unified and central body of Muslim jurists (in Sunni Muslim countries), the legitimacy of *urf* (norms), *adat* (customary laws) as the sources of Islamic jurisprudence, the character of the state, the state's relationship to the *ulema*, or local traditional power structure philanthropy has developed differently in different MMCs. Uniformity of the above characters is unlikely so is the human security outcomes of Muslim philanthropy.

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**Part IV**  
**Third Sector Organizations and Human**  
**Security in MMCs: Extent, and**  
**Dimensions**

# Chapter 6

## Modern Third Sector Organizations in MMCs: People, Property, and Mutuality

Samiul Hasan

### 6.1 Introduction

The third sector is an all-encompassing or a residual term. Public goods or service delivery groups or organizations not a part of the market (the first sector) or the government (the second sector), can be identified as the third sector. A common alternate term, however, has been “civil society.” Civil society is that arena of the polity where collective actions in between individuals and the state “articulate values, create associations and solidarities” for public benefit (Hyden, Court, & Mease, 2003; Linz & Stepan, 1996:7). There could be “Type 1 Civil Society” organizations (that were not formed explicitly to influence politics) or Type 2 Civil Society organizations (that were formed around particular issues or specific political demands) (Edwards & Foley, 2001). An “apolitical” and positive term for both is the “third sector” (Hasan, 2004).<sup>1</sup>

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<sup>1</sup> Many other terms are used to refer to these organizations, most of which has a “negative” or “gap filling” connotation such as “civil society organization” (used from a political or state failure perspective), “nonprofit or not-for-profit organization” (business perspective referring to market failure in providing essential goods or services to the lower end of the society), NGO (created from a development perspective by the United Nations; highlighting governments’ failure in ensuring development suggested government organizations should work with non-government organizations). The “third sector,” on the other hand, has a positive “right establishing” or “service entrepreneurial” outlook with public policy (management) perspective that promote “social capitals” (see Chap. 1). But other terms appearing in the literature used in this work are not changed.

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The “third sector” includes volunteers, informal groups, grassroots organizations, social entrepreneurs, or formal nonprofit (distributing) organizations, and can be defined as a (formal or informal) group of volunteers or volunteer supported groups providing public goods or services. “Third sector organization (TSO)” is a narrower term and refers to the organized form of the third sector (cf. Lyons, 2001), and are major vehicles for operationalizing volunteering aspects of philanthropy formed and participated by people voluntarily (Hasan, 1991). These organizations are likely to be formal (in presence or structure), private, not profit distributing, self-governing (i.e., in control of their own affairs), and voluntary (i.e., membership in them is not legally required and may attract some level of voluntary contribution of time or money) (Salamon et al., 1999: 3). People involved in TSOs, in general, provide financial support and offer required services through their free will.

The Johns Hopkins nonprofit sector data project concluded (on the three Muslim majority countries in the project) that in Egypt, Morocco, and Pakistan 3.2 %, 1.5 %, and 1 %, respectively, of the economically active people are involved in the “nonprofit sector.” Egypt’s nonprofit sector workforce participation rate was higher than 15 out of the 42 countries in the project outpacing Mexico (2.2 %), Hungary (2.0 %), Philippines (1.9 %), Czech Republic (1.7 %), India (1.5 %), Poland (0.9 %), Romania (0.7 %), etc. (Salamon, 2010). Nonetheless, not much is known about the third sector in the 47 Muslim majority countries (MMCs) in Africa and Asia or the factors responsible for better growth and performance of TSOs in some.

Intending to fill this knowledge gap, this chapter deals with all three types of modern TSOs based on people (e.g., association, society), property (e.g., funds; foundations, trusts), and mutuality (e.g., mutual groups or cooperatives); as well as other exceptional forms of TSOs, as appropriate (except for the *waqf* discussed in Chap. 7). This chapter is to deal with: variety, structure, extent, reach, funds, and issues, related to TSOs in MMCs.

Despite sincere efforts, authentic information about TSOs from 19 (of the 47) MMCs remained either scanty or unavailable.<sup>2</sup> Fourteen of these MMCs are in sub-Saharan Africa,<sup>3</sup> two are in Northeast Africa (Djibouti, Eritrea), one in North Africa (Libya), and one in South Asia (Maldives). These MMCs with highly influential tribal systems (except Maldives) protecting pasture and pride (see Hasan, 2012b), are resource-poor, among the poorest in terms of per capita income (except Libya, Mauritania, Nigeria, and Sudan), and have failed to create space for TSOs (see Chap. 4). Resembling many other countries, well-to-do people in these MMCs (especially with poor family members) within the tradition of anonymous giving, are unlikely to provide obligatory charity (e.g., *zakat al-mal* and *zakat al-fitr*) or

<sup>2</sup>These 19 MMCs are (Burkina Faso, Chad, Comoros, Gambia, Guinea, Guinea Bissau, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Somalia, and Sudan in sub-Saharan Africa, and Maldives, Iraq, Djibouti, Eritrea, and Libya.

<sup>3</sup>Burkina Faso; Chad; Comoros; Gambia; Guinea; Guinea Bissau; Mali; Mauritania; Niger; Nigeria; Senegal; Sierra Leone; Somalia; Sudan.

voluntary charity (e.g., *sadaqa* or *infaq*) to public serving TSOs (see Chap. 5). These MMCs are not included in the discussion for fear of distorting the analyses.

The remaining 28 MMCs in Africa and Asia are divided according to their geographic regions. Not to make the discussion too fragmented, six MMCs in South Asia and Southeast Asia (Afghanistan, Bangladesh, Brunei, Indonesia, Malaysia, and Pakistan) are discussed in one section; six countries of central Asia (Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan), Iran, and Turkey are grouped in one section; and the last 14 (Arab) countries of North Africa and West Asia<sup>4</sup> are grouped in one section.

The chapter is based on the constitutions,<sup>5</sup> respective laws<sup>6</sup> and government documents, academic publications,<sup>7</sup> field research and consultations,<sup>8</sup> and the author's personal communications about and direct observation of the activities in many MMCs under discussion including countries in South Asia, Southeast Asia, and the Gulf.

In addition to this introduction and the concluding remarks, the chapter is divided into six main sections. The first main section discusses certain principles of civil society in Islam, highlighting the fact that state principles and institutions as well as the *ulema* have shaped and reshaped civil society in Muslim communities for centuries. Since the main focus of the chapter is formal TSOs, to set the scene, the following section provides an overview of informal TSOs in MMCs. The next three sections highlight the main features and extent of TSOs in MMCs in three geographical regions, as per the divisions mentioned above.

The highlight of the discussions on South Asia and Southeast Asia is that foundations, nonprofit companies, or cooperatives may help stabilize the economy, but political development requires member-based social organizations practicing democratic norms of mutual respect, tolerance, and competition. The discussion in the next section (on Central Asia, Iran, and Turkey) shows that the third sector in some MMCs in this group is restricted by tribal power and/or ethnic group membership that reinforces governmental power; but in some other remains as the government's

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<sup>4</sup>Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, the UAE, and Yemen.

<sup>5</sup>The constitutions are available at the Richmond University: <http://confinder.richmond.edu/> last accessed on 7 August 2013.

<sup>6</sup>Laws are primarily available in the International Centre for Non-Profit Law website: [www.icnl.org](http://www.icnl.org) last accessed on 30 November 2013.

<sup>7</sup>Comprehensively surveying the *International Journal of Non-Profit Law* (IJNL: [www.icnl.org/journal/journal.html](http://www.icnl.org/journal/journal.html)) and the Academic Searchfile database.

<sup>8</sup>The author's field works, research consultancy, and discussions with colleagues in a dozen countries in South Asia and Southeast Asia for the study of the Asia Pacific Philanthropy Information Network (APPIN) work (undertaken and updated between 2000 and 2007 for a website, [www.asianphilanthropy.org](http://www.asianphilanthropy.org)) are the bases of understanding of the laws, traditions, *urf* (norms) and *adat* (customary laws) that have influenced the third sector in MMCs in Bangladesh, Indonesia, Malaysia, and Pakistan. Further, the author's work experience in Gulf country and purposive interaction with the colleagues from different MMCs are also another source of understanding some issues from the MMCs in North Africa and in West Asia, especially the GCC countries discussed here.

low-cost service delivery instruments that create jobs, offer achievement orientation, and release political as well as financial pressure off the government. Tribal dominance in MMCs in the third group (Arab countries of North Africa and West Asia) has been restricting the third sector growth. If allowed, TSOs become prominent only in child welfare, environment, and women affairs except in Egypt and Tunisia where TSO's roles in education and health seemed to have been a factor in the sudden political change in 2011.

Section 6.7, before the concluding remarks, provides an analysis of the structure and density of the third in MMCs. It defines the TSOs in MMCs in terms of structure, operation, activities, support relationships, and governance and management. Showing varied models, the section concludes TSOs in MMCs have wide features, approaches, activities, governance and human security impacts. The chapter concludes that election-only “democracies” tend to damage the status or achievements of the TSOs gained under authoritarian rules if the TSOs are not self-regulating or membership-based. Thus, the TSO density is not the only factor in influencing human security impacts of the third sector. The study shows that foundations, nonprofit companies, or cooperatives may help stabilize the economy, but political development requires member-based social organizations practicing democratic norms of mutual respect, tolerance, and competition. Human security impacts of TSOs in MMCs can only become better with the creation of membership organizations practicing the essential organizational norms like accountability, mutual respect, tolerance, transparency, and merit and competition in public affairs. Notwithstanding the fact that membership-based TSOs cannot be superimposed in the social structure, the social system need to open up to gradually adapt to the changing world to promote strong and effective third sector to work for the provision of human security.

## 6.2 Civil Society in Islam and Related Literature

If civil society means a system of checks and balance that prevents a preponderance of power residing in either the state or societal institutions, then Islamic theory from the earliest period demonstrate such concerns (Hanafi, 2002: 59–60). Several classical Islamic concepts have traditionally facilitated the state-society relationships. For example, consultation (*shura*) with the “elders,” adherence to the consensus within the community *ijma* (consensus *ijtihad*) on legal issues, allowance of independent inquiry (*ijtihad*<sup>9</sup>), commitment to the pact (*bay'a*) between the rulers and the ruled (Kazemi, 2002: 41). Civil society refers to the space of voluntary human association and also the “set of relations networks—formed for the sake of family, faith, interest, and ideology—that fill the space” (Kazemi, 2002: 39) protecting the individual, restraining the state.

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<sup>9</sup> *Ijtihad*, opposite of *taqleed* or imitation, is a jurist's independent analysis and decision about an issue not covered in the Qur'an or Sunnah.

Thus, in addition to the space separating the individual from the state, civil society must encompass: (a) the existence of “complex autonomous institutions” (e.g., family, groups, tribes, guilds, unions, clubs, associations, parties) providing the “buffer between the individual and the state,” and (b) the prevalence of civility (in the sense of tolerance, acknowledging “disparate political views or social attitudes,” or accepting the reality—“there is no right answer”) in the social order and in relations among individuals (Kazemi, 2002: 40). Rashid al-Ghannushi, a Tunisian “political activist with a conservative Islamic agenda,” calls for people to live together, to cooperate and to engage in dialogue in order to strengthen and support those values of freedom, democracy, and justice. These are human values, not just Muslim values (Johnston, 2007: 172) that promote group or associational life. Islam attaches immense value on unity of the *ummah* (community), and thus encouraged formation of social organizations or institutions such as charitable foundations (*awqaf*) or guilds (*tai'fa*). These organizations enjoyed remarkable degree of autonomy from the central government (Salam, 2002), and existed in all Muslim communities (see Chap. 4).

The first group in the Islamic concept is the *ummah*. Though originally referred to the residents of Medina, irrespective of their religious orientations, the term increasingly is used to refer to “nation (a community of believers) without boundaries” as well as all human beings, descendent of the same parents, with “mutual obligations of respect and decent behavior” (Hanafi, 2002: 59). Historically Islam has long tradition of recognizing and accommodating non-Muslim communities following the practice of the Prophet Muhammad, who granted Jews and Christians equal status to Muslims in Medina (Hanafi, 2002: 63) through the Charter of Medina. The Charter of Medina<sup>10</sup> is a “social contract,” freely entered by all parties that outlined mutual rights and obligations of members of the Muslim community, the role of the Prophet, and the Muslims’ relationship with non-Muslim residents of Medina (Hashmi, 2002: 155). The concept of “civil society” in Islam promotes “civility” (values) and “civil groups” (structure).

In some sedentary Arab society, e.g., in the Levant, defense of professional territory and interests were institutionalized by the guilds (*tai'fa*) uniting an entire professional group or a segment of a trade. Most guilds used to regulate competition by restricting number of enterprises for the trade concerned<sup>11</sup> (Marcus, 1989: 161). Although they were not instruments of the government, the guilds did submit to various forms of official oversight limiting their own authority. The guild *sheikhs*, nominated by the members and confirmed by the local *qadi* (judge) used to be responsible to the government for internal discipline, but could expel no member without the court’s approval (Marcus, 1989: 173). Then there were the *qadi* (judges—the high

<sup>10</sup>Also known as the Constitution of Medina signed between the Prophet Mohammad and all dominant tribes in Yathrib, possibly right after the former’s (and his Companions’) *hijra* (migration) to that area (later known as the Medina) in 622 CE (the year 1 in the Hijra or Muslim calendar).

<sup>11</sup>Though there was an emphasis on professional specialization, most guilds fell into one of the three areas of production and trade: food, textiles, and construction. Further, the silk spinners who worked in one large workshop made up one guild, while their colleagues in shops throughout Aleppo formed another (Marcus, 1989: 157–59).

judge once appointed by the ruler could not be removed). The *diwan al-mazalim* (the court of the “wronged”) served as a tribunal to which every Muslim could go and complain against the injustice inflicted by the ruler or the ruler’s agents (Hanafi, 2002: 60). These early Islamic civil society institutions checked the rulers’ power promoting the citizens’ independence and empowerment.

In other regions, for example, Ottoman Turkey, there were *akhi* (meaning “my brother”) lodges organized mainly by craftsman, artisans, and tradesmen into strong networks that adhered to ethical codes in work with intentions to organize craft-based religious brotherhoods, or guilds, in which members adhered to values of generosity, honesty, and loyalty (Aktay and Topcuoglu, 2007). The women “*akhi*” like the *Bajiyān-i Rum* (the Anatolian Sisters) dating back to the thirteenth century CE composed of women from the households of the “*akhi*” members<sup>12</sup> worked in parallel social activities to achieve a good society (Aktay and Topcuoglu, 2007).

There have been *awaqf* (charitable foundations; singl. *waqf*) formed by dedicating the usufruct of a perpetual property to some charitable ends for the duration of the property’s existence. Historically educational institutions (religious and secular) have been significant beneficiaries of *awaqf* properties. *Awaqf*-run universities, like Al Qurawiyyin in Fez, Al Azhar in Cairo, or Al Nizamiyah in Baghdad (Sayed, 1989), or scientific libraries have been beneficiaries of *awaqf* to influence knowledge, the scholars, and their disciples.

*Awaqf*-supported education became a source of political force in early twentieth century Central Asia, South Asia, or Southeast Asia, and still have been a place for interest articulation of young generation in countries like Bangladesh, Pakistan, Indonesia, or Morocco. Muslim charitable endowments as owners of vast agricultural land, and sponsors of school systems in early Soviet Central Asia were at the heart of efforts to reform agriculture, landownership, and education systems in “liberated” Central Asia. Progressive Muslims, for example in Central Asian MMCs, were opposed by traditionalist *ulema* that wielded religious and legal authority, and were against the reform of education and the state management of *waqf* (Pianciola & Sartori, 2007). Some *waqf*-supported “mosque-universities” are still influential and at the center of civil society in the Maghreb (see Chaps. 4 and 7). In Sudan *awqaf* income (though taken over by the government) is transferred to NGOs offering services to the poor people (Salih, 2002).

Even in earlier time, the Medieval Muslim society was essentially corporate, and urban Muslims had powers to organize themselves, maintain their communal existence in the face of political power through religious sanctions (Hourani, 1970), that would limit the ruler’s power. An early important “civil society” group, which began in Baghdad and Basra during the Abbasid Caliphate (750–1258) but did spread throughout the Islamic world, was the *Hadith* folk movement. Led by *ulema* (also spelled *ulama*; singular *alim*, a scholar or a person well educated in Islamic jurisprudence) it espoused a relatively populist discourse that insisted on social justice issues relying on the teachings of the Prophet Mohammad to call for just

<sup>12</sup>The founder of the Bajiyān movement was Fatma Baji, the wife of Akhi Evran, the founder of the *akhi* lodges (Aktay & Topcuoglu, 2007).

governance, equality, and freedom of action.<sup>13</sup> The *ulema* or other civil groups in Muslim areas worked like a civil leadership of the society, often in collaboration with Sufi *sheikhs* (senior scholars) to restrict the exercise of state power (Aktay and Topcuoglu, 2007). The *ulema* or the intellectuals and legal scholars were familiar with (and/or the interpretation of the *shari'a*), believed to be, independent from the political authority (Hanafi, 2002: 60).

Political instability of and increasing pressure from the Abbasid Caliphate seeking supports for the state apparatus, policies, and actions forced the Muslim jurists to conservatism. Ultimately, the Sunni *ulema*, in order to frustrate the rulers' efforts in destroying pluralism (that was seen as an attack on the freedom to interpret Islamic laws) closed the *ijtihad* in the tenth century CE (i.e., around 200 years after the compilation of the Hadith literature) (Hashmi, 2002). The Shi'a Muslims, however, kept the tradition alive institutionalizing a system of creating religious authorities (e.g., *ayatollah* or *hojatoleslam*) of highly educated scholars. The influence of these scholars as the pillars of civil society in Muslim communities never did diminish, primarily because the general Muslims did have a very low level of education and did not have any institutionalized "priesthood" to turn to since Islam does not allow any intermediary between God and "man."

The Muslim jurists (*ulema*) during the *Umayyad* Caliphate (661–750 CE) and *Abbasid* Caliphate (751–1258 CE) stayed away from the establishment. Nonetheless, the later day *ulema*, as individuals or as a group, became keen to be closer to the rulers because the latter used to offer the favored "*ulema*" prestigious posts, tax exemption, funds for mosques, madrasa, or *ahbas*<sup>14</sup> (Abun-Nasr, 1987: 21). From the thirteenth century CE the Muslim rulers created a new position of, Islamic jurist, *mufti*.<sup>15</sup> The *muftis* were to issue *fatwa* on questions of human actions not covered in the classical literature or by the previous Muslim scholars, but in reality were expected to endorse the ruler's authority and edicts. This new "institution" redefined the relationships between the state and the religion. The *ulema* were not (or could not be) in control of the rulers (nor could the state become a theocracy) because the rulers used to deal with the *ulema* as individuals (not as a corporate body like the Christian Church) (Abun-Nasr, 1987: 21). Thus, the traditional independence of the *ulema* was lost; nonetheless, their ability to influence the common psyche remained undisturbed. The "*ulema*," with power to restrain or release, still provide an entry into civil society in Muslim societies representing the "dynamic, associational power of religion" believing to be responsible for preserving Islam "that cannot be simply identified with any existing governmental regime" (Kelsay, 2002: 13).

<sup>13</sup>The Hadith movement, as well as other religious orders and movements, functioned as a strong channel for popular opposition to the power of the central state while also providing ideology and personnel to work on the state's behalf when the government and civil society were in accord (Discussed in Aktay and Topcuoglu (2007) from Marshall Hodgson, *The Venture of Islam*).

<sup>14</sup>Plural of *habus* or religious foundations that used to provide salary and other expenses of the "*ulema*," and maintenance expenses of the respective institutions (Abun-Nasr, 1987: 21).

<sup>15</sup>Introduced by the Ottomans (following Christian examples), having "a hierarchy of *muftis* culminating in the Chief Mufti of Istanbul." After the fall of the Ottomans, the practice continued in the Ottoman successor states in West Asia.



In Muslim societies “both traditional and modern elites have failed to provide a new synthesis that clearly offers some continuity between tradition and modernity” (Esposito, 2010: 297–98). Islamic revivalism seems to be reactive (as a response to the Western onslaught on traditional Islamic values), and as such is greatly influenced by the Western political thoughts.<sup>16</sup> For example, among a dozen or so most influential Sunni and Shi’a scholars<sup>17</sup> of the last 100 years, only three<sup>18</sup> had any formal education in Islamic jurisprudence or studies, and on the other hand, some most liberal and revered Islamic scholars had religious educational background.<sup>19</sup>

Islamic culture has shared the concern for limiting the power of political authorities by diffusing it among a number of formal and informal institutions and groupings between the state and the individual endowed with their own sphere of autonomy free from government intrusion, making Islamic societies historically far less monolithic and undifferentiated than some Western stereotypes of a theoretical society allow (Hanafi, 2002: 59–60). State principles and institutions on the one hand and on the other the *ulema* in dynamism have shaped and reshaped civil society in Muslim communities for centuries. In any event, informal and formal TSOs, for ages, have existed in Muslim communities to offer essential public services to the needy.

### 6.3 Informal TSOs in MMCs

Due to cultural tradition (*ummah* or community solidarity), social needs (mutual support), and economic requirement (resource poverty), people in most MMCs have, formed and remained loyal to nomadic tribes or sedentary neighborhood-based informal social groups for hundreds of years. South Asia and South East Asia are endowed with abundant natural resources (land, vegetation, and water); thus, kinship system in most areas is not resource-protection-based. In rural societies in these areas, people live in close proximity to each other, emotionally as well as physically, forming “shadow” or invisible social units of nuclear groups for meal sharing, extended family for name sharing, kith groups for ancestry sharing, and society or affinity groups for pride sharing (Hasan, 2005, 2008) undertaking many community

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<sup>16</sup>For a detail understanding of this contention, the readers may look at volumes like Rahnema (2005).

<sup>17</sup>For example Sunni scholar like, Jamaluddin al-Afghani (1838–1897 CE of Afghan ancestry), Muhammad Abduh (1849–1905 CE: Egyptian), Abul Ala Mawdudi (1903–1979 CE; Indian/Pakistani), Sayyid Qutb (1906–1966; Egyptian), Rashid Rida (1865–1935; Syrian), Hassan al-Banna (1906–1949 CE; Egypt), and Rachid al-Ghannouchi (also spelled Rashid al-Ghannushi, born 1941 in Tunisia), and Shi’a scholars like, Grand Ayatollah Ruhollah Moosavi Khomeini (1900–1989 CE; of Kashmiri ancestry educated in Iran) and Ali Shariati (1933–1977 CE Iranian).

<sup>18</sup>Muhammad Abduh and Hassan al-Banna, both educated at the al-Azhar; and Imam Khomeini educated in Iran.

<sup>19</sup>Dr. Nurcholish Madjid (1939–2005; Indonesia), Abdurrahman Wahid (1940–2009; Indonesia).

support and economic activities. Informal groupings taking a formal shape often transformed to parallel neighborhood organizations to offer different public services, e.g., education, skills, health, hygiene, or water.

Most organizations in South and Southeast Asian MMCs do not have any legal status at all. Situation is completely different in Afghanistan because tribal, kin, or clan identity helped create and maintain traditional associations, such as *jirga* (tribal council of elders) or *shura* (consultative council), which function mainly to make collective decisions and to resolve disputes over land, property, and honor within and among families, tribes, and clans (discussed in Howell & Lind, 2009) to undermine existence of any parallel groups for public service.

In Indonesia as well as Malaysia spirit of “*gotong-royong*” (forming impromptu groups for village welfare), and “*tolong menolong*” (mutual help, both in urban and rural areas) are manifested in community service groups, e.g., “neighborhood watch” from outside threat, collective organization, and celebration of “life-cycle” rituals or religious festivals. Malaysians also emphasize on the goodness of “*Berat sama dipikul, ringan sama dijinjing*” or working together in time of social, economic, or physical difficulties (cf. Kasim & Hasan, 2006; Radyati & Hasan, 2006).

In spite of the tradition of community living and group interaction, only a few MMCs (e.g., Bangladesh, Pakistan, Indonesia, Malaysia, Oman, Sierra Leone, and Turkey) allow TSOs to function without incorporation or registration<sup>20</sup> with the government.<sup>21</sup> Unregistered and unincorporated associations are formed by individuals with expressed written/unwritten consents without any formal documentation (e.g., constitution, by laws), and regulated by common law or judicial precedents. Unincorporated associations are not required to register with any government organization, but may have a constitution limiting areas of activities, dissolution rules, and distribution constraints.

Bangladesh, as depicted in the relevant available literature, seems to have the largest informal third sector (in absolute and percentage terms) in MMCs with an estimated 70 % (or 550,000) informal, unregistered, or unincorporated TSOs including about 263,000 sports, culture, arts, literary, recreation, and social clubs (Ahmad, 2002). Apart from the registered cooperatives, foundations, and NGOs Indonesia has 7,000 self-reliant community organizations (LSM) working to improve social and economic conditions as well as for welfare of the local communities, and at least 500,000 *arisan* groups (of housewives, employees, or young men) involved in mutual savings as “pre-cooperatives” (Radyati & Hasan, 2006). There are about 45,000 TSOs in Pakistan, 40 % of which are informal (Ghaus-Pasha, Jamal, & Iqbal, 2002).

<sup>20</sup> Incorporation in the common law, and registration in the civil law countries, as the case may be (see Chap. 4).

<sup>21</sup> In Sierra Leone, civil society organizations may function without legal incorporation but require to register with the Sierra Leone Association of Non-governmental Organizations (SLANGO), and “sign an agreement with the government of Sierra Leone” (ICNL, NGO Law Monitor).

Egypt also has numerous informal associations, and Islamic groups organized around mosques, serving the poor people. These unregistered Islamic groups provide health care, social services and education to people that the State, with its limited resources, is unable to reach (Salamon & Anheier, 1997). Different Emirates (states) in the UAE, at a limited scale, allow unregistered NGOs to function without governmental interference—there are informal TSOs working for children, women, labor welfare, or the environment in Dubai or Sharjah (cf. Sherif, 2008b).

Unless registration is mandatory or enhances scope of mobilizing resources from private or government sources, TSOs prefer to contribute to society remaining unregistered or unincorporated. Nonetheless, thousands of formal TSOs have been active in MMCs. Next three sections provide a brief overview of the historical antecedents, structure and functions of these TSOs.

#### **6.4 Formal TSOs in South and Southeast Asia: Afghanistan; Bangladesh; Brunei; Indonesia; Malaysia; Maldives; Pakistan**

Six out of seven MMCs in South and Southeast Asia (except Brunei) historically have resource constraints, sedentary communities, weak governments, but high incidence of natural calamities. People have been living together in these areas mutually supporting each other as a survival strategy, facing natural calamities—such as drought and flood, alternately. Furthermore, people organized goods and service delivery voluntary organizations during the colonial period in all MMCs<sup>22</sup> to survive better against the exploitative colonial rules.

Even during the period of state-centered development, during the 1950s and 1960s, that emphasized the importance of a strong state as the principal agent of modernizing reforms, important nonprofit institution-building occurred. For the most part, this took the form of top-down efforts designed to extend the reach of state-sponsored modernizing reforms (and often national political leadership) into the countryside (Salamon & Anheier, 1997). Governments in countries such as Bangladesh, Pakistan or Indonesia, often assuming power through unconstitutional means, used these “intermediaries” to penetrate the periphery. At other times, governments acknowledged international organizations’ concerns for example for high birthrates and allowed the emergence and functioning of the third sector to handle “family planning”<sup>23</sup> not taking risk of religious outrage for providing state sponsorship to such “sinful” activities during the mid-twentieth century. Formal TSOs grew, so did their scope and functions.

<sup>22</sup> Except we are not familiar with any literature to support that claims for Maldives.

<sup>23</sup> Family Planning Association in Pakistan and Nahdatul Ulama in Indonesia received tacit supports from the respective government to promote birth control devices: the former as the operational organization the latter as an advocacy organization.

MMCs in this region, except Indonesia, follow a common law system. Thus, these countries have all major forms of formal TSOs: associations, cooperatives, foundations, nonprofit companies, societies, and trusts. The associations or societies could be member serving or public benefitting, but multifunctional due to the inter-relatedness of different social needs. For example, many organizations starting with health service got involved in education, realizing the fundamental that lower level of education follows poorer health. Many TSOs are, however, involved in target group focused (e.g., landless women) activities instead of targeted programs for everybody (e.g., primary education). The approach helps develop a specific constituency for the organizations concerned, and to achieve better visible outcome and appreciation. Even in countries such as Afghanistan, elements of “modern” associational structures including clubs, professional associations, women’s organizations, trade unions, youth organizations, discussion forums, developmental NGOs, cooperatives, human rights groups, and trade associations have emerged (Howell & Lind, 2009). Afghanistan has about 6,000 associations and NGOs formed and regulated under different laws.<sup>24</sup>

Charitable trusts in the region have roots in English common law (except for Indonesia) but also in the Muslim foundation (*waqf*) laws. TSOs are also created in common law MMCs as nonprofit company (NPC) limited by guarantee, for example in Bangladesh or Pakistan. The Joint Stocks Companies Ordinance of 1984 of Pakistan allows registration of nonprofit companies to operate as a profit making company, limited by guarantee and not by shared capital, prohibiting distribution of profit among the members (Iqbal, Khan, & Javed, 2004). Nonprofit companies, as in Malaysia, may be engaged mostly in research, sports clubs, or in delivering social and welfare services (Kasim & Hasan, 2006). A nonprofit company has flexibility in engaging in commercial activities to cross-subsidize free-of-cost services (Ghaus-Pasha & Iqbal, 2003).

In the recent past governments in many MMCs have established nongovernment organizations, termed GONGO (government organized NGOs) or QUANGOs (quasi nongovernmental organization), such as the Pakistan Poverty Alleviation Fund, the Khushhali Bank, and other such organizations that deliver welfare or poverty amelioration services (Ghaus-Pasha & Iqbal, 2003). A Bangladesh Parliament Act created the Palli Karma Sahayak (rural job assistance) Foundation (PKSF) as a grant-making body for the microcredit sector in the country.

The cooperative sector in MMCs in this group is very large, deemed to have better ability in mobilizing resources (human, financial, property, or produce), and divided in four major categories: consumer, producer, financier, and group promotion and problem solving (e.g., women, fishermen, or landless cooperatives). Bangladesh has the largest

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<sup>24</sup> The most significant laws are Law on Associations, Official Gazette no. 1114, issued 1 September 2013; “Non-Governmental Organizations, Official Gazette no. 857/2005”; Implementing Regulations for the Law on Non-Governmental Organizations (2005). Afghanistan, NGO Monitor, [www.icnl.org](http://www.icnl.org), last accessed on 30 December 2013.

variety of cooperatives registered in 28 categories<sup>25</sup> serving separate beneficiary groups. Cooperative societies are formed by a few persons contributing to the capital being registered under the law in Bangladesh and Pakistan, e.g., the Co-Operative Societies Act of 1904 (revised in 1925), and Cooperative Societies Ordinance (CSO) of 1964. “Cooperatives” are considered “business entity” in Indonesia with primary functions of creating and promoting the members’ financial effectiveness (Radyati & Hasan, 2006).

### **6.4.1 Extent of Third Sector Organizations in South and Southeast Asia**

Many MMCs in South and Southeast Asia do not require registration, and thus, no authentic information is available about the number of TSOs or the extent of their financial or functional significance in these MMCs. Bangladesh, the most resource-poor MMC in the region, with fertile lands, abundant water, and high density of population in close proximity to each other entrenched in communal living, has the largest third sector. Ahmad (2002) claims that at least 770,000 TSOs operate in Bangladesh, about 70 % without any incorporation or registration,<sup>26</sup> i.e., on an average about one TSO for every 207 people that corresponds to TSO density of 483.09, i.e., the number of TSOs for every 100,000 people in the country (Table 6.1).

About 40 % TSOs operating in Pakistan are not registered. The legal entities are mostly (67.5 %) social organizations under the Societies Registration Act of 1860 or under the Voluntary Social Welfare Agencies Ordinance of 1961 (25 %), or the Trusts Act of 1882 (10 %). Nonprofit companies represent <1 % of the formal TSOs in Pakistan (Ghaus-Pasha et al., 2002). Most TSOs (e.g., about 91 % in Pakistan) are engaged in activities for public benefit including education and research (46 %), advocacy and human rights (16 %), provision of health care services (6 %) (Ismail & Baig, 2004). TSOs in Pakistan are served by at least 476,000 persons (264,000 paid employees and 212,000 volunteers), accounting for 4+ % of nonagricultural employment (Ghaus-Pasha et al., 2002; Ismail & Baig, 2004).

The colonial government in Indonesia begun registering the associations through the State Court Registrar (in the Ministry of Justice and Human Right) (Radyati and Hasan, 2006). Nonetheless, TSOs in Indonesia do not need registration, but the cooperatives do. In the absence of any official figures, the best estimate is that Indonesia is likely to have about 755,000 (Table 6.1) TSOs including 20,000+ NGOs registered with the government, 14,000+ independent *pesantren* (boarding schools), 200,000+

<sup>25</sup> For example, agriculture labor, motor vehicle drivers, destitute, cooperative bank, consumers, credit union, employees, fishermen, general purpose, hawkers, housing, manufacturing, laborer, landless, agriculture, women, destitute women, multipurpose, mutual groups, national cooperative bank, non-agriculture, potter, producer and sellers, trade, savings, transport, weaver, and irrigation (Hasan, 2001).

<sup>26</sup> As found in a survey and reported in the Bangladesh Statistical Yearbook by the Bangladesh Bureau of Statistics (BBS) in 1996–1997.

**Table 6.1** Legal and social systems and the third sector in MMCs

Country	Legal system	Tribe power	GNI (PPP\$) 2013 HDR	First TSO	Total TSO	TSDensity (TSO/100,000 people)
Afghanistan	Civil	Medium	1,000	X	5911	19.07
Algeria	Civil	Medium	7,418		1,000 (1)	4.39
Azerbaijan	Civil	High	8,153			
Bahrain	Common	High	19,154	1919 (1955)	450	43
Bangladesh	Common	Nil	1,785	1944	770,000	483.09
Brunei	Common	Nil	45,690	X	X	X
Burkina Faso	Civil	High	1,202	X	X	X
Chad	Civil	High	1,258	X	X	X
Comoros	Civil	Low	986	X	X	X
Djibouti	Civil	High	2,356	X	X	X
Egypt	Civil	Nil	5,401	1821 (1894)	27,068	33.13
Eritrea	Common	High	531	X	X	X
The Gambia	Common	High	1,731	X	X	X
Guinea	Civil	High	941	X	X	X
Guinea-Bissau	Civil	High	1,042	X	X	X
Indonesia	Civil	Nil	4,154	1890	755,000	332.2
Iran	Civil	Nil	10,695	X	X	X
Iraq	Common	High	3,557		5,669	19.37
Jordan	Common	Medium	5,272	1936	1,189	52.6
Kazakhstan	Civil	High	10,451	X	36,815	237.52
Kuwait	Common	High	52,793	1913 (1974)	66	1.94
Kyrgyzstan	Civil	High	10,451	X	X	X
Lebanon	Civil	Nil	12,364	1878 (1940s)	3,360	82.03
Libya	Common	High	13,765	1878	130	2.1
Malaysia	Common	Nil	13,676	X	117,663	398.41
Maldives	Common	Nil	7,478	X	X	X
Mali	Civil	High	853	X	X	X
Mauritania	Civil	High	2,174		600	19.55
Morocco	Civil	High	4,384	1923 (1936)	38,500	122.7
Niger	Civil	High	701	X	X	X
Nigeria	Common	High	2,102	X	X	X
Oman	Common	High	24,092	1972 (1972)	101	3.92
Pakistan	Common	Low	2,566	1886	45,000 + 60,000 coop	58.28
Qatar	Common	High	87,478	1976 (1982)	17	1.1

(continued)

**Table 6.1** (continued)

Country	Legal system	Tribe power	GNI (PPP\$) 2013 HDR	First TSO	Total TSO	TSDensity (TSO/100,000 people)
Saudi Arabia	Shari'a	High	22,616		400	1.59
Senegal	Civil	High	1,653	X	X	X
Sierra Leone	Common	High	881	X	X	X
Somalia	Common	High	NA	X	X	X
Sudan	Common	High	1,848	1931 (1947)	1,785	4.53
Syria	Civil	High	4,674	1945 (1918)	1,225	6.31
Tajikistan	Civil	High	2,119	X	2,500	36.76
Tunisia	Civil	Low	8,103	1896 (1936)	14,996	138.88
Turkey	Civil	Low	13,710	1923	153,604	191.57
Turkmenistan	Civil	High	7,781	X	X	X
United Arab Emirates	Common	High	42,716	1974 (1974)	126	2.73
Uzbekistan	Civil	High	3,201	X	5,000	17.36
Yemen	Common	High	1,820	1887 (1962)	6,600	28.68

*Sources:* Column 2: Compiled from CIA, 2014; and Chap 4; Column 3: Hasan, 2012b; Column 4: UNDP, 2013; Column 5 and 6: as available in relevant literature used in this chapter; Column 7: calculated from number of population in UNDP, 2013 and data in Column 6

cooperatives, 7,000 self-reliant community organizations (LSM), and 500,000+ *arisan* groups (updated from Radyati & Hasan, 2006). Cooperatives are also numerous and active in Pakistan, especially in agriculture development. In addition to about two dozen central and provincial cooperative banks and societies, Pakistan has at least 48,000 agricultural cooperative societies, and about 8,000 nonagricultural cooperative societies (Ghaus-Pasha et al., 2002). Bangladesh also has at least 140,000 cooperatives and credit societies (Ahmad and Hasan, 2006).

Detail information about the TSOs, their activities, or service impacts in these MMCs is, rather, sketchy (except what is available through occasional surveys). For example, according to a survey conducted by the Social Policy and Development Centre in 2002 more than six million people in Pakistan contributed about Rs. 715 million (approximately US \$12.2 million) to TSOs (almost equal to the government grants to the sector). The study found local philanthropic contributions accounted for more than 37 % of the third sector revenues. Formal public and private funding accounted for less than 6 % of cash revenues and about 2 % of the in-kind contributions. The study revealed that the entire amount raised or generated by TSOs was spent on public benefit (Ismail and Baig, 2004).

Though information or data about social or human security impacts of TSOs in general are not available, organizational strength of some very successful TSOs may provide some insights. For example, one of the largest TSOs in the region, the BRAC (Bangladesh), serves 135 million people with about 100,000 employees in 11 countries.

**Box 6.1: Activities and Extent of TSOs: A Snapshot of BRAC**

Annual expenses (2012): \$662 (including \$79 in BRAC International)

Number of employees: 120,249

Countries served: Afghanistan, Bangladesh, Haiti, Liberia, Pakistan, Philippines, Sierra Leone, South Sudan, Sri Lanka, Tanzania, and Uganda

Health care services: with 114,228 community health promoters (ante-natal care to 26.5 million; postnatal to 25.5 million)

Number of people served with “sanitary toilets”: 28.6 million people

Number of people served with safe drinking water: 1.9 million

Number of schools: 44,033 primary and pre-primary schools

Beneficiaries of the education program: 11.5 million students (1.3 million enrolled; 10.2 million graduates)

Number of women received skills training: 1.3 million

Girls’ empowerment clubs: 10,328 (with 312,145 members)

Microfinance program: about 4.5 million borrowers (cumulative disbursement: US\$11.09 billion as loans.

Social awareness services to 600,000+ rural poor women through 13,014 Polli (rural) Samaj (society) and 1,217 Union (the lowest tier or local government) Samaj (society);

Social advocacy through targeted programs: Nearly 4.3 million people are reached per year by the 376 popular theater teams scattered all over Bangladesh, total shows staged: 167,894

Human rights and legal education participants: 3.8 million

(Source: [www.brac.net](http://www.brac.net) accessed 30 November 2013 and 17 May 2014)

There is, however, a larger microcredit organization. According to the Bangladesh Microcredit Regulatory Authority at the end of 2011, Bangladesh had 576 Microfinance institutions (MFIs) with 26.08 million clients (20.65 million active borrowers) and US\$2.17 billion annual credit fund (about 1 % of the GDP; 3 % of the total domestic credit; 17 % of the public revenue). The largest microcredit organization, the Grameen Bank, during the same period had about 8.37 million members (i.e., borrowers), 2,565 branches, and 703 billion taka loan disbursed.<sup>27</sup> Noteworthy, the GB is a specialized quasi-government bank, and not a social organization, hence with a large number of members (primarily borrowers), it does not have much social or political advocacy impacts that the size may imply.

Two unique social organizations with extensive social impacts are in Indonesia. For example, Nahdatul Ulama (NU; committed to preserving the tradition and local values) and Muhammadiyah (committed to modernize the Muslims and their values).

<sup>27</sup> The data are collected from [www.grameen-info.org](http://www.grameen-info.org) last accessed 30 November 2013. The figure cannot be converted to US dollar because of the exchange rate variation over the years between 15 taka/\$ (when the GB was formed) and about 80 taka/\$ in 2013.



These two social organizations with at least 35 million members each, offer education, social welfare, and social consciousness services (Radyati & Hasan, 2006) causing extensive political impacts.

In many of these MMCs, the third sector undertakes important community functions, such as village defense; management and maintenance of mosques; organization of festivals, cultural and recreational activities; management of cemeteries; and establishment, management, and maintenance of *madrasa*. The education sector, however, has been a major beneficiary of the third sector activities in the region. For example, *madrasa* education, a continuation of the mosque-based *muqtabas*, has been a community affair in the region; approximately 99 % of about 8,000 *madrasas* in Bangladesh for example, are established and operated by individual or community voluntary initiatives.

*Pesantren* (traditional Islamic institution of learning or *madrasa*) in Indonesia have been organized as (or sponsored by the) third sector. In the process the *pesantren* organizations have become part of “civil Islam” (cf. Robert Hefner) to propagate that “the modern ideas of equality, freedom, and democracy are not uniquely Western values, but modern necessities compatible with, and even required by, Muslim ideals” (Sirry, 2010). The government and the TSOs (i.e., *pesantren* in this case), since the 1970s, became catalysts of an emerging modern society providing strong associational life to the citizens in Indonesia.

Social organizations that provided general education to people in the outreach areas during the colonial period continued to become influential or even indispensable in primary as well as secondary education in independent Bangladesh, Malaysia, Pakistan, or Indonesia. The TSOs became (indirect) partners in delivering essential goods and social services to the geographic regions not affected by the governmental programs, and were used as an instrument to neutralize political activism or political party growth by the military rulers in many countries. Many MMC civil governments, for example, Brunei or Malaysia, coopted or sponsored the third sector to offer many public services, for example education, health, or social welfare.

TSOs in Bangladesh and Pakistan are numerous and do provide various social and economic development services. Nonetheless, larger trust entities diversified in many areas without many member-based (social) organizations create only little or no political impacts. As a result third sector growth has been retarded in (re) democratizing Bangladesh and Pakistan (with new laws and regulations, see Chap. 4) but not in Indonesia. Membership-based two large competing social organizations in Indonesia (with a combined membership of about 70 million) that also defines the character of the third sector in the country, shaped the associational landscape and helped stabilize democracy in the country to promote human security to become envy of people in other MMCs. This fact from South Asia and Southeast Asia reinforces a general thesis that foundations, nonprofit companies, or cooperatives may help stabilize the economy, but political development requires member-based social organizations practicing democratic norms of mutual respect, tolerance, and competition.

## 6.5 Formal TSOs in Central Asia, Iran, and Turkey: Azerbaijan; Iran, Kazakhstan; Kyrgyzstan; Tajikistan; Turkey, Turkmenistan; Uzbekistan

The most common character of the eight MMCs in this group is the absence of European colonization (Table 6.1). All these MMCs (except Iran and Turkey) also have a very strong heritage of tribal dominance segregating the society. Further, Muslim charitable endowments (*awqaf*; singular, *waqf*) as owners of vast agricultural land, and sponsors of school systems in early Soviet Central Asia were at the heart of the efforts to reform agriculture, landownership, and education systems in “liberated” Central Asia. These modernization programs witnessed abolition of the *awqaf*, but failed to create an alternative because of the governments’ intervention in people’s social actions. Local tribal power structures and/or ethnic groups reinforced the government institutions to retard the third sector growth.

Predominance of tribal, kin, and clan identities, a primarily rural economy, ongoing conflicts, and the weak state potentially (rather than absolutely) militate against the emergence of a civil society (Howell & Lind, 2009) for public benefit in most Central Asia. Communal civil society, through kinship ties, to express and defend common interests and to provide mutual aid and support existed in Central Asia, for example in Tajikistan, for centuries (Freizer, 2005). As a result, the third sector in Central Asia, as in Tajikistan, is an urban matter, and rural areas remain untouched by the phenomenon (Freizer, 2005). Most importantly, however, cultural, religious, or geographic “ties” that connect citizens and public officials “confuse the public–private divide” and help create synergies for financial, physical, social support for local public service providing philanthropic activities in these close-knit societies (cf. Evans, 1996). *Mahalla* (neighborhood) initiated or connected voluntary action (*hashar*) involved in community giving (*sadaqa*; see Chap. 5) to help those in need was dominant in Soviet Central Asian countries such as Tajikistan and Uzbekistan (Freizer, 2005).

On the other hand, the third sector grew and remained influential in countries without tribal dominance, for example in Iran and Turkey. The constitution of the Islamic Republic of Iran recognizes the rights of the NGOs (called noncommercial organizations) to “assemble and associate” and allows creation and functioning of “parties, conventions, trade associations, Islamic associations, and associations of recognized religious minorities” (Katirai, 2005; also see Chap. 4). Noncommercial organizations registered with the authorities in Iran as associations, clubs, or institutions are divided as nonprofit organizations such as charities and those that engage in noncommercial activities to earn and distribute profits among their members. These organizations can be public interest organizations (e.g., charities) and professional organizations (formed by and to benefit members of a trade, profession, or occupation)<sup>28</sup> (Katirai, 2005).

<sup>28</sup> Iran’s recognized minorities can also form associations to address religious, cultural, and social issues facing the minority (Katirai, 2005).

Individuals or other legal entities in Turkey are allowed to establish associations without any prior permission to be involved in “all activities except anti-constitutional or military education and training.” The Turkish government since 2002, aiming to minimize state intervention in economic and social sectors and to reduce expenditure for social services, has encouraged family, charity organizations, NGOs, and the municipalities to take some responsibility of reducing poverty (Gurses, 2009).

There have been some experiments, however, in the “liberated” (i.e., post-Soviet) Central Asia, as in Uzbekistan, to reform the system of communal civil society with new structure, function, or sources of funds. Many TSOs took a different form when regional political or Sufi leaders mobilized rural communities around “religion and regional identity” through the existing solidarity structures of communal civil society. These neo-communal civil society, during political and economic instability, acted through the mosques, *chaihana* (i.e., the tea stall), and *madrasa*, which had been constructed in rural areas in the 1980s with voluntary action (*hashar*) to fill in the vacuum created due to the dismantling of the Soviet era *kolkhoz* (responsible for local-self-governance) (Freizer, 2005). Thus, the new development is an effort in combining the community, local informal place of gathering (i.e., the tea stall), religious institutions (mosques and madrasas), and the people’s voluntary actions for public benefits.

The Islamic associations in Iran have a unique associational feature among MMCs in this group. These associations may consist of volunteers to educate others “about Islam and advancing the goals of the Islamic revolution” (i.e., being engaged in administrative, educational, guild, industrial, or agricultural activities) (Katirai, 2005). Thus, these associations are a source of enlightenment as well as skills development. Overall, tribal dominance in some MMCs in this group retarded growth of the third sector, the absence of tribal dominance in some other created opportunities for community-centered TSOs for public service delivery to complement the government programs.

### 6.5.1 *Extent of TSO Activities and Service Delivery Dominance*

The government in Uzbekistan, alike most other governments in the region and elsewhere, tolerate only the service delivery NGOs channeling foreign funds to local development projects to meet the needs created by the dismantling of the Soviet social service infrastructure (Stevens, 2010). Most of the 5,000 TSOs in Uzbekistan are still involved only in social service delivery. Stringent and elaborate provisions restricted third sector growth in Tajikistan<sup>29</sup>; nonetheless, it has about 2,500 registered NGOs,<sup>30</sup> compared to 33 in 1993 (Freizer, 2005). Kazakhstan, with higher

<sup>29</sup> There are separate laws for the noncommercial organizations, e.g., public foundations and institutes, and the public associations including religious organizations and political parties; see Chap. 4.

<sup>30</sup> Eighty percent are public associations, i.e., religious organizations or political parties; the rest are NCOs, i.e., public foundations, institutes, etc., see Chap. 4 for the characters of each.

resource base and flexibility, has higher number of as many as 36,815 registered NGOs including 8,134 public associations, 4,831 foundations, 1,288 associations of legal entities, 1,331 religious groups, 7,965 cooperatives, and numerable private institutions, noncommercial joint stock companies, and other organizations (cited in Kabdiyeva, 2013). Whereas, Turkmenistan still has about 100 TSOs because national-level associations (i.e., public organizations) can only be established with a minimum of 500 founding members (Moore & Rutzen, 2011; see Chap. 4 for more).

The Azerbaijan government also restricts the third sector allowing no activity for development or economic affairs, except for assisting the disadvantaged people; advocacy and protection of the environment, historical and cultural monuments, and cultural and moral heritage; legal and cultural consciousness, health and hygiene, education, physical and mental development of children and youth, emergency services for victims of domestic violence or drug abuse.<sup>31</sup>

The third sector is much larger in Iran and Turkey where there is no tribal dominance (except slightly in the Eastern Turkey) to restrict its growth (see Chap. 4). A “nongovernmental organization” in Iran is defined as an organization that the government does not establish or administer, and can be participated by the public officials as long as the involvement is outside the governmental title and position (Aref, M. -R, 2013). Further, NGOs in Iran can have an active role in very specific areas of activities including education, health, and even microenterprises.<sup>32</sup> There are also *zakat*-based organizations such as the “*bonyads*” (religious or charitable foundations) estimated to control about 40 % of the non-oil wealth of the country—the largest of which has \$12 billion in assets and 400,000 employees working to support the martyrs’ family members (Powell, 2010).

Turkey has more than 150,000 TSOs (including 86,031 associations, 58,090 cooperatives, 4,749 chambers, 4,547 foundations, 94 trade unions, and 93 civil service trade unions (TUSEV, 2011)). Sixty-five percent of the associations concentrate on social service delivery activities. The foundations are involved in multiple fields of activity to offer social aid (56 %), education (48 %), or health (22 %). Many charity organizations and about 100 foundations linked to *Naqsbandi tarikah* (or *tarika*—a spiritual order of Sufism) and the Fetullah Gulen community<sup>33</sup> in 90 countries with 7 universities, more than 2,000 schools, 500 big firms in finance to textiles, TV channels, newspapers, and magazines commanding \$20+ billion in

<sup>31</sup> See, Government of the Republic of Azerbaijan (2009). *Law of Republic of Azerbaijan On Voluntary Activity*, 2009; also Chap. 4.

<sup>32</sup> For example, in Community Health Promotion and Education (e.g., birth control devices, general hygiene, waste disposal, water usage, immunization), Emerging health crises (e.g., HIV/AIDS education and support, Drug addiction recovery), Community Social Problems (e.g., Juvenile crimes, Prostitution), Environmental (e.g., Sustainable water and energy consumption education), Economic (e.g., Microenterprises and Micro-loans); Skill training, Product promotion and distribution, Development (e.g., School construction, Infrastructure construction), Women’s Issues (e.g., Battered women assistance center, Counseling hotlines, Legal assistance, Literacy drives), etc. (Mostashari, 2005).

<sup>33</sup> Commonly known as the Gulen Movement—a pacifist anti-extremist movement spearheaded by a Turkish Fethullah Gulen.

assets are very influential. This community of charities and foundations provide scholarships to meritorious children, housing and dormitories for thousands of students, and create opportunities for building solidarity networks among small businesses (Eder, 2010). TSOs have been making significant contribution to the education sector in Turkey, and in other MMCs. In most cases, however, the TSOs in this group of MMCs are to function being close to the respective government.

### 6.5.2 *State Control or Co-governance?*

Through the legal changes that allowed some NGOs to assume more responsibility in social assistance, the government in Turkey, for example, has increased its political reach and, in a way, has also genuinely compensated for its lack of institutional capacity to provide sufficient social assistance for the poor and the needy (Eder, 2010). There has been an increase in number of charity associations, philanthropic groups, NGOs, and community movements in Turkey to fill social development gap created by the state. NGOs in Turkey are empowered through legal changes to collect donations for the “causes” of their own choosing, and undertake social service delivery programs for or in conjunction with the municipalities. For instance, in 2005 Deniz Feneri, a transnational charity organization, being authorized by the Council of Ministers, collected millions of dollars in charity to support thousands of poor children and needy people. Many NGOs with permission to collect donations without prior approval of the government became new instruments of state’s political power. Municipalities also are allowed to create and operate a “charity fund” to undertake social service programs (Eder, 2010).

The situation is different in other MMCs in the group. For example, in the recent past, especially following the 9/11 tragedy, Uzbekistan has created many government-organized NGOs (GONGOs). The government deregistered foreign-funded or influenced NGOs and, targeting a “zero sum” affect invested resources to create these GONGOs to play a coordinating and support role with the government bodies managing the “Fund for Supporting Uzbekistan’s Non-governmental Non-commercial Organizations” and the “Fund in Support of Social Initiatives” (Stevens, 2010). The Uzbek government in the recent past also has discouraged donations to mosques (a practice of the post-USSR era that used to bring prestige for such donors) for suspicion of undesired actions (Ilkhamov, 2005). NGOs in Uzbekistan, due to the influx of public funds, are operated by a large number of paid staff “adorned by a couple of volunteers who see it as the first rung on the career ladder” (Stevens, 2005). Five thousand NGOs are claimed to be existent in Uzbekistan, but possibly as “an adjunct of the state.” The *mahalla* (community) association is also perceived as a branch of the local government in a system where the government prefers a “strong state to strong society” (Stevens, 2010).

Governments in Central Asia, apprehensive of the reemergence of the past endowments (i.e., *waqf*) to influence the economy or education viewed the TSOs as “anti-governmental,” not “nongovernmental,” as in Uzbekistan, and did not allow them to flourish (Pianciola & Sartori, 2007). The TSOs in Azerbaijan may have

some advocacy functions but being under close supervision of the respective governmental organizations may not be able to achieve much. The TSOs in these countries can be seen from two different angles: the tribe based societies; and open societies without any tribal control.

Tribal power and/or ethnic group membership reinforced governmental power and restricted third sector growth in MMCs in Central Asia. On the contrary, there are large and influential ideology based TSOs, such as the Gulen Foundation in Turkey or the *bonyads* in Iran. In most MMCs discussed in this section, the third sector is the government's low-cost service delivery instruments that create jobs, offer achievement orientation, and release political as well as financial pressure off the government.

## **6.6 Formal TSOs in North Africa and West Asia (or the Arab World): Algeria; Bahrain; Egypt; Iraq; Jordan; Kuwait; Lebanon; Libya; Morocco; Oman; Qatar; Saudi Arabia; Syria; Tunisia; UAE; Yemen**

In natural resource (e.g., arable land and water) constrained North Africa and West Asia tribal systems, for hundreds of years, shaped social relationships to influence “business to marriage to politics” controlling access to the resources (Hasan, 2012b; see Table 6.1). “Tribe,” in this part of the world, is seen not as a primitive form of social organization rather “a valuable element in sustaining modern national identity” (Marston, Knox, & Liverman, 2005: 201). Until recently there was no political borders in the Arab world, and the waterholes, *wadi* (water channels carrying rainwater), and grazing pastures were controlled by the tribal groups (O’Sullivan, 2008: 20–21), offering economic benefits and social protection.

In countries such as Bahrain, Kuwait, Oman, Qatar, and the UAE tribal connection is still the source of power, employment, and the “spoils.” Saudi Arabia is based completely on tribal relationships because the “founder” himself married into all influential tribes, and reconfirmed the (eighteenth century) deal made by one of his forefathers with a religious leader belonging to an important tribe. The system is so much entrenched in the present political system that following the fall of governments in Egypt and Tunisia, the leaderships in Bahrain, Saudi Arabia, and the UAE widely publicized the (re)signing of the “pledge” (*ba’ya*) by all the constituent tribes. Yemen’s self-promoting army officials had to use its tribal affiliation for survival so the tribal influence was never disturbed. In Libya the “revolutionary” government used the tribal connections in its favor, in particular in the “Local Revolutionary Committees,” so tribal connections became the source of power in the transition period (at the fall of the Gaddafi regime). Egypt for Italian and postcolonial military intervention, Tunisia for French colonial and postcolonial military intervention, and Lebanon due to the constitutional system of power sharing introduced during the French “mandate” era witnessed waning of tribal power in favor of the military might that eventually shaped the third sector.

### 6.6.1 Third Sector Organizations: Shapes and Sources

Except for Egypt, Lebanon, and Tunisia that have low or no tribal dominance in social (or economic) affairs, TSOs have not done much in MMCs in this group. The third sector fared better in countries with tribal structure, if the country has resource constraints such as Jordan, for example (Table 6.1). Many philanthropic institutions in Jordan are endowed in the name of a family or a person, and offer grants, technical assistance, managerial support to organizations within or across the border either solely or in partnership with other entities (Sherif, 2008a).

Associations and foundations are also operational in rich countries such as Saudi Arabia, but under stricter regulations. CSOs in Saudi Arabia are governed by the law of benevolent associations and foundations issued in 1989 (Shalaby, 2008). Since 2003 the Saudi government has licensed associations for journalists, human rights, humanitarian causes, and professional groups (e.g., the Saudi Pharmacist Society) (Zaki, 2010). Two most important types of TSOs in Saudi Arabia are the specialized service-providing charities concerned mainly with mental and physical disabilities, and the traditional charities involved in a wide range of activities, funded by the voluntary sector or by the government agencies (such as the Department of Zakat and Income Tax or the regional governorates) (Montagu, 2010).

Egypt has operating as well as grant-making foundations, while the religious charities are usually registered as associations under the “Law on Associations and Community Foundations”—Law 84 of 2002. There are also neighborhood-based “community foundations” to pool together financial resources for addressing social needs, and fostering social solidarity and civic participation (Atia, 2008). Furthermore, successful businessmen or their families, in the recent past have created foundations (*moassasat*).<sup>34</sup> Foundations in Lebanon could be secular or associated with a religious sect, sponsored by some wealthy or influential families for a person (often posthumously), and could be both grant-making and operating (Sharaiha, 2008). Syria allows associations to be registered with the government (except for the reformist organizations) (Zaki, 2010).

The UAE Federal Act 6, 1974 governs the private associations, nongovernmental organizations and public-interest associations (Sherif, 2008b). Nonprofit organizations can be formed in different constituent Emirates being authorized by an Emirati (i.e., state) decree with greater flexibility not being subjected to the federal restrictions (Sherif, 2008b). Further, many “high net worth individuals (HNWI)” in the region create operating CSOs to channel their *zakat* contributions. In addition, in the recent past, many individuals have also formed *awqaf* as grant-making foundations to provide supports to needy citizens or residents of Qatar (Khallaf, 2008b). Most recent development in the region has been the creation of private organizations such as the Mohammed Bin Rashid Al Maktoum Foundation, launched in 2007, with a US\$10 billion endowment focusing on education and knowledge creation in the Arab region, especially for young people (Sherif, 2008b).

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<sup>34</sup> Family *awqaf* are still prohibited by the law, and thus, many organizations that would have been established as *awqaf* are created as *moassasat* (Atia, 2008).



There are also the *shilla* or partnership foundations—a unique local system of philanthropy created by individuals with firm social or religious conviction for specific social or religious cause (not attached to a particular neighborhood) to pool together financial resources to achieve the defined objectives. *Shilla*-based foundations are existent in Egypt or Jordan as well (Atia, 2008; Sherif, 2008a). Cooperatives, particularly in Egypt, operates as producer cooperatives serving the artisans providing loans or production support; as consumer cooperatives serving the lower end of the society providing basic commodities as well; and as housing cooperatives providing low-cost shelters to their members. In all cases the cooperatives serve some disadvantaged nonmembers (Kandil, 1993).

### 6.6.2 Third Sector Organizations: Extent and Activities

Egypt and Tunisia have comparatively much larger third sector in the region (Table 6.1). Egypt's TSOs have gradually moved from being charities to providers of micro-finance (Atia, 2011).<sup>35</sup> The Egyptian NGOs, by adopting a rights-based approach to development, have contributed to people's democratic behavior by integrating political awareness campaign and skills training activities into their programs, by supporting democratic practices and principles at the local level and thus preparing community members to participate actively as informed citizens in post-Mubarak Egypt (Herrold, 2012). Such activities were probable because of the organizations such as the Resala, the largest youth organization in the Arab world, established in Egypt in 1999, with 63 branches, 4,600 employees, and more than 98,000 volunteers providing basic services and support to Egypt's underserved groups. It also has been very successful in fund raising collecting in-cash donations of 193 million Egyptian pounds (about \$27 million) in 2011 (Sparre, 2012). In the 2 years since the fall of the government in 2011, about 5,000 new TSOs were formed in Tunisia. Nonetheless, there have not been many advocacy groups.<sup>36</sup>

Associations and philanthropic institutions in other MMCs, for example in Kuwait (such as public welfare societies or clubs engaged in social, cultural, religious, or sports activities) direct their activities towards charitable deeds or public service, and are prohibited from seeking commercial gain or profit (Khallaf, 2008a). Similar codes in other countries are not implemented. For example, despite governmental restrictions, 27 % registered organizations in Lebanon are engaged in purely religious activities including the organizations arranging pilgrimage to Mecca, Qur'an teaching, and management of social and medical programs (Talha, 2001).

<sup>35</sup> In a study Kandil (1998) reported that Egypt had 17,500 nonprofit organizations with an estimated total membership of almost six million (out of the then 53 million population).

<sup>36</sup> Out of the 14,996 TSOs in 2012 (about a third of which was created in 2011 and 2012), only 43, 68, and 167 deal with issues related to children, women, and the environment, see FFF, Foundation for the Future (2013). Study on Civil Society Organizations in Tunisia, <http://foundationforfuture.org/en/Portals/0/Publications/Etude%20SC%20english%20Version%20Finale.pdf>; last accessed on 1 December 2013.



Many NGOs (about 150) registered with the Ministry of Social Affairs in the UAE are working in the fields of education, culture, religion, charity, sports, arts, and women's concerns (Zaki, 2010). There are also large TSOs created with Emirate (state) decrees. For example, a community-based philanthropy, Dubai Cares, launched in 2007 seeks to bring the Dubai community together in support of one cause—primary education for children in developing countries. Around US\$500 million raised funds was matched by Sheikh Mohammed, the ruler of Dubai (and the PM/VP, UAE), creating US\$1 billion endowment dedicated to the purpose (Sherif, 2008b).

Benevolent associations (as many as 420) and benevolent foundations (as many as 42) are organized under and registered by the Ministry of Labor and Social Affairs in the Kingdom of Saudi Arabia. All other ministries in the country permit nonprofit organizations relevant to the function of each ministry, but with less restrictive conditions (Shalaby, 2008). There also have been private initiatives, such as the Khadija bint Khuwailid Center (women's section of the Jeddah Chamber of Commerce and Industry, JCCI) set up in 2004, and Mayadin, a Riyadh-based private-sector NGO consultancy company, the brainchild of four elite professional women, influencing the performance of the NGO sector (Montagu, 2010). Thus, the TSOs in MMCs in this group are not many, but have varied characters and relationships with the respective governments.

### 6.6.3 Government–TSO Relationships

Relationships among the religious CSOs, secular CSOs, and the governments in the region, in general, have been “cooperative” (Cavatorta, 2008). For example, in Egypt for centuries hospitals have been established to receive contributions from the *awqaf* to provide services cooperating with other community organizations (Kandil, 1993). Effective coordination between the *awqaf* and modern TSOs are also evident in other countries; for example many *awqaf* (Muslim charitable foundations) and voluntary associations cooperate in Jordan, particularly in the management of mosques and the provision of other social services. The cooperation allowed many associations to avoid registration with the government (under Law 32) and became successful (Talha, 2001).

Nonetheless, the TSOs in the region have mostly been involved in women affairs, child support, and environmental conservation or management receiving larger supports from the governments. For example, associations concerned with women in Syria belong to the Syrian Arab Women's Federation and receives financial support from the government (Zaki, 2010). In Jordan, religious organizations follow standard guidelines for the associations, but enjoy more freedom in receiving and distributing funds, offering grants and giving aid to the poor and needy (Sherif, 2008a). The TSOs in Saudi Arabia have developed mutually beneficial relationships with the Saudi government—the former helps, but cannot function without, the latter (Montagu, 2010). In Saudi Arabia, TSOs established by a Royal Decree (e.g., the National Society for Human Rights, NSHR) are the most important (Shalaby, 2008). These GONGOs

create a “humane” face of the government (remaining within the purview of the government though) (Shalaby, 2008). The government in Algeria, in an effort to engage more women in public life, have worked with the *Iqra’* (Read) Society to promote literacy, and with the Societies for the Protection of Rural Women in programs on eradicating illiteracy among rural women (Zaki, 2010).

Almost all governments in the region subsidize the TSO activities. For example, registered TSOs in the UAE, working for social and environmental issues, are subsidized by the government (Zaki, 2010). Royal nongovernmental organizations (RNGOs) in Jordan are a unique variety, where individual members of the Hashemite family lend their names to the associations in support of culture, healthcare, education and general social development (Sherif, 2008a). Many big charities in Saudi Arabia, being asked by the state in the Seventh Five Year Plan (2000–2005), became instruments of the local governments providing services such as housing, health, education, social and housing benefits, and disability provisions (Montagu, 2010). Registration with the government agencies brings direct funds for the registrant organizations in Oman, and a government-sponsored Women’s Association works in Oman to help government-approved (38) women’s associations, some of which are partially government-funded (Zaki, 2010).

There has been unique public sponsorship or rather legitimizing programs in other MMCs. There also have been public-private partnership foundations such as the Emirates Foundation established in 2005 by an Emirati decree inspired by Sheikh Mohammed Bin Zayed Al Nahyan, the Crown Prince of Abu Dhabi. The foundation is a nationwide initiative that pools together resources from both the sectors to work for the improvement of quality of life of all people in the UAE (Sherif, 2008b).

In many countries, such as Saudi Arabia, the TSOs have been used to fuse tensions in the regime. For example, the Al Sa’ud (the ruling family) recognized that they cannot exercise tight control on society aggravated by their own decision to get the clerics’ approval to break the Mecca seize (in 1980) that renewed the *ulema* (also spelled *ulama*; singular *alim*, scholar/learned) influence, among others, on the educational curriculum to end up creating “a generation of angry, confused young people, many of whom have become fanatics.” Due to deteriorating relationship between the *umara’* (rulers) and “*ulema*” (scholars), the Al Sa’ud relied on the voluntary sector’s good offices “to forge national identity” (Montagu, 2010).

MMC governments in the region have used sponsoring programs to consolidate their positions vis-à-vis the TSOs. In other cases the TSOs’ failure to form coalitions and common platforms of demand allows the governments, as in Algeria, survive without much legitimacy because of the targeted “divide and conquer” strategy (Cavatorta, 2008).

Tribal dominance in most countries in this group has restricted third sector growth. To neutralize the situation many regional rulers (e.g., Dubai) and government agencies (e.g., in Saudi Arabia) have taken individual initiatives by creating, offering funds, sponsoring other supports, or lending names to different TSOs. Nonetheless, TSOs are prominent only in child welfare, environment, and women affairs in the region except Egypt and Tunisia where education and health are major beneficiaries of the TSO activities that seemed to have been a factor in the sudden political change in 2011.

## 6.7 TSOs in MMCs: Structure and Features

Salamon and Anheier (1997) made some noteworthy observations about the structure and features of TSOs in “developing” or the “third world” countries (analyzing the situations in Brazil, Ghana, Egypt, India, and the Philippines). They added that the “concept of a definable nonprofit sector” does not exist in these countries, but organizations that meet the “structural-operational definition” exist in far greater numbers and variety (than conventional accounts based on the term NGO would suggest). The nonprofit sector is quite large, and extends well beyond the “NGOs.” The use of a single term therefore to refer to these different types of entities has had political and social costs. For example, lumping “associative” (those are opposition to the State and to the prevailing political and economic elites), with “philanthropy” and “assistance” (perceived within the citizen movements to be props of a repressive old order), and the “development NGOs” into a single entity called the “nonprofit sector” thus blurs distinctions that many have a strong interest in preserving (Salamon & Anheier, 1997). Hence, our use of a neutral term, the TSO, seems justified.

The TSOs have developed differently in MMCs with different density—i.e., average number of TSOs every 100,000 people in the country. Bangladesh, Malaysia, and Indonesia with 483.09, 398.41, and 273.22, respectively, have the highest TSO density in MMCs, as opposed to the density of 1.94, 1.59, and 1.10 in the GCC countries like Kuwait, Saudi Arabia, or Qatar, respectively (Table 6.1). It is interesting to note that these GCC MMCs have very large concentration of tribal power influencing the governmental and economic systems in the countries, as opposed to the first group of MMCs (Bangladesh, Malaysia, and Indonesia) where people are not divided along tribal groups (Table 6.1; also see Chap. 12). TSOs in MMCs have varied structural and operational features which may cut across third sector density, social structure, or governmental system.

In terms of structure, operation, activity, support and relationships, and governance and management of TSOs there are varied models in MMCs (Table 6.2<sup>37</sup>), like everywhere else in Africa and Asia. Based on the earlier parts of this work (and some previous works, e.g., Hasan 1991, 1992, 2001), these five dimensions can be divided into three elements each as the bases of classifying different forms of TSOs. For example, the “structure” can be seen in terms of the feature (centered on people, wealth, or mutuality), life span (emergency, ad-hoc, or enduring though most are yet to overcome the leadership succession challenges), and members’ class or character (most have no members or ideology-based membership that have survived for many generations, e.g., NU or Muhammadiyah in Indonesia). The TSOs may have “operation” for beneficiaries as members, undefined or targeted public, or the fee payers; some may have a combination of the latter two. Some TSOs may have paid professionals (as in Central Asia, in general), people salaried below the market rate (as in BRAC or thousands other organizations), or volunteers (as in mass organizations in Indonesia or elsewhere).

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<sup>37</sup> Please note Table 6.2 is a modified version of Hasan (1991, 1992, 2001).

**Table 6.2** Modern third sector organizations: Structural and operational models

Classification	Basis	Forms		
1. Structure	A. Feature	a. Person-centered	b. Wealth-centered	c. Mutuality-centered
	B. Life span	a. Emergency	b. Ad-hoc/project-based	c. Enduring
	C. Members' Class/ Character	a. Affinity b. Ethnicity c. Gender	d. Ideology e. Profession	f. Religion g. No member
2. Operation	A. Beneficiary	a. Members	b. Public/Target groups	c. Fee payers
	B. Personnel	a. Paid-professional	b. Below-market salaried	c. Volunteers
	C. Spatial scope	a. Neighborhood b. Regional	c. National	d. International
3. Activity	A. Programming Strategy	a. Relief and welfare	b. Goods and service delivery	c. Sustainable system development
	B. Activity orientation	a. Environmental b. Humanitarian c. Human Development	d. Recreation e. Religion	f. Relief and welfare Social Service
	C. Modes of function	a. Advocacy b. Facilitating	c. Grant-making d. Instrumental	e. Operating f. Research
4. Support and Relationships	A. Method of formation	a. Organic/Self-generating	b. Resource pooling	c. Sponsored (domestic/foreign)
	B. Financial	a. Membership Fees b. Service fees	c. Private donations d. Government grant (different tiers)	e. Foreign aid (Bi/ Multilateral) f. Mixed
	C. Founder relationship	a. Nonprofit receiving	b. Perks accessing	c. Profit/service sharing
5. Governance and management	A. Legal form	a. Association/Society b. Nonprofit company	c. Foundation/Trust	d. Cooperatives
	B. Official status	a. None	b. Incorporated or registered	c. Incorporated and Registered
	C. Board	a. Visionary b. Steward of trust	c. Sentinel of quality d. Rubber stamp	e. Non-existent

Modified from Hasan (1991, 1992, 2001)

The “activity” dimension may be divided into “programming strategy,” “activity orientation” and modes or methods of function.<sup>38</sup> Korten (1987) discussed three original programming strategies including “self-reliance.” It seems “self-reliance” is not in vogue any more in low income countries where goods (as in the cooperatives) and service (prominently micro credit or health) delivery have become more common. In terms of “activity” it seems most TSOs follow the Human Development Model of the UNDP<sup>39</sup> combining income generation, education, and health (shown separately in the ICNPO; see footnote 38). As opposed to “relief and welfare” following natural calamity or man-made catastrophe (creating displaced persons or refugees across the borders), “humanitarian” activity now includes offering charity, in general, for workers in perilous conditions (e.g., many “charities” now supply water to people working outdoors in summers in Dubai or meals to mosques during the month of fasting in most MMCs). “Modes of function” define if TSOs are involved more in advocacy, grant-making or operation. “Facilitating” TSOs offer, for example, training programs or “international funding liaison or information service”; “instrumental” TSOs could be trade unions or professional bodies that try to be a mediator between the government and the members. In most MMCs the TSOs are not involved in advocacy or even in the protection of all members’ rights. In some MMCs (e.g., in the GCC countries) these TSOs (e.g., the chamber of commerce) receive government funds and mandatory percentage of business registration fees collected by the government.

“Support relationships” of TSOs in MMCs are varied ranging from altruism, prestige, or benefits to profits. The most important one is the “perks accessing” relationships between the organizers and managers of many TSOs, e.g., use of luxury vehicles that also have been a source of conflicts between the local government officials and the TSOs hampering the third sector activities (discussed in Hasan, 1991). Many cooperative members share profits; managers of many local TSOs share

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<sup>38</sup> Please note that the International Classification of Non-Profit Organizations (ICNPO) originally prepared by the Johns Hopkins Nonprofit Data Project (cf. Salamon & Anheier, 1997) and included in the United Nations Handbook on Non-Profit Institutions in the Systems of National Accounts divides the NPOs into 11 groups (Culture and recreation; Education and research; Health; Social services; Environment; Development and housing; Law advocacy and politics; Philanthropic intermediaries and voluntarism promotion; International; Religion; Business and professional associations and unions. Lyons and Hasan (2001–2006) in their work on Asia Pacific Philanthropic Information Networks in a dozen countries in Asia (including four MMCs, Bangladesh, Indonesia, Malaysia, and Pakistan) added “Mutual financial associations and cooperatives” as #12. For the purpose of the Non-Profit Institutions Satellite Account, the Australian Bureau of Statistics (2006–2007) collapsed the ICNPO Groups 5–9 in to one (“Environment, development, housing, employment, law, philanthropic, and international”); removed “hospitals” from Group 3 to form a separate Group—“Hospitals.” Table 6.2 (modified from Hasan 1991, 1992, 2001 to suit the current world and MMCs) has a different approach: classifying through “activity orientation” and “modes of function” (including “advocacy,” “grant-making,” “operating,” etc.); further the “international” is under “spatial scope” because many “international” TSOs have activities similar to that of some national, regional, or local TSOs.

<sup>39</sup> The readers may be interested in Hasan (2012a) that includes analyses of human development in all 47 Muslim majority countries in Africa and Asia and their relationships to geography and power relationships, among others.

“profits” receiving salary at an “international” rate. “Governance and management” dimension in the TSOs is most critical and wide ranging from the so-called “FFG” (family and friends governance) for “rubber stamping” TSOs to genuine “sentinel of quality,” e.g., foundations in Indonesia. Nonetheless, it is the “steward of trust” that is most important, available, and effective in the TSOs in general in MMCs. The TSOs in MMCs have wide features, approaches, activities, governance, and human security impacts.

## 6.8 Concluding Remarks

Traditional community living and group interaction have been a part of life in many MMCs. Nonetheless, only a few MMCs (e.g., Bangladesh, Pakistan, Indonesia, Malaysia, Oman, Sierra Leone, and Turkey) allow TSOs to function without incorporation or registration with the government. Unless formalization is mandatory or enhances scope of mobilizing resources from private or government sources, the TSOs prefer to remain unregistered or unincorporated. Thus, thousands of informal and formal TSOs have been active in MMCs to offer, especially in South Asia and Southeast Asia, varied public services including that of education and health. In some MMCs, for example, in the Arab region, TSOs are active in child welfare, environment, and women affairs except in Egypt and Tunisia where TSOs contribute also to education and health.

In most MMCs, the third sector is the government’s low-cost service delivery instrument that creates jobs, and releases political as well as financial pressure off the government. Nonetheless, tribal power and/or ethnic group membership reinforced governmental power and restricted third sector growth in MMCs, particularly in Central Asia, West Asia, and North Africa (Table 6.1). In some MMCs the conflicts between the *umara*’ (rulers) and “*ulema*” (scholars) are creating leeway for the voluntary sector because the latter helps forge national identity or a humane face of the respective regimes, e.g., the Kingdom of Saudi Arabia (Montagu, 2010). Under restricted regulatory system though.

Many MMCs in the recent past, in the post-9/11 world in general and after the introduction of elected governments, in particular, have introduced stricter regulatory measures, created GONGOs, or initiated sponsored programs to consolidate their own position vis-à-vis the TSOs. The TSOs’ occasional failure, either for their own making or the government’s instigation, to form coalitions and common platforms of demand allows the latter to survive without much legitimacy or by introducing tighter regulatory mechanisms. Tribal dominance in many countries, especially in North Africa and the Arabian Peninsula, restricted third sector growth, where the TSOs are prominent only in child welfare, environment, and women affairs.

The TSOs in different MMCs have different structure, operational systems, activity orientation, support and relationship patterns, and governance and management approaches. Irrespective of the structural or operational feature, the TSOs offer many young people splendid opportunity of performing socially meaningful

works to achieve high self-esteem. In many circumstances people receive unique opportunities of proving their self-worth offering public services, though most times at a very low salary. The TSOs, as a result, have grown in many MMCs, by default, performing many roles to stabilize societies, especially being authorized by the authoritarian governments as a strategy to neutralize political activism or political parties (see Chap. 4).

As evident from this study, election cannot bring fundamental changes for democracy without community building and democratization roles of the third sector, especially the membership organizations. Election-only “democratic governments” in many MMCs, similar to many other countries in Africa and Asia, regulate TSOs not to be outshined (introducing new requirements for accessing overseas funds, licensing, monitoring, etc.) because these countries either do not have many membership organizations or do not have TSOs upholding democratic values and principles. Thus, TSOs in some MMCs have played much community development roles, but not much democratization role except for Indonesia that is the only MMC on a very stable path to democracy since 1997, possibly because of the existence of two largest membership organizations in MMCs, if not the world (Box 6.2).

### Box 6.2: Membership Organizations in Indonesia

Nahdatul Ulama (NU) in Indonesia, with 330 branch offices, operates 27,000+ schools (including 6,000 traditional boarding schools or *Pondok Pesantren*), 40-odd universities, and has 35 million estimated members. The other most influential social organization, Muhammadiyah, with around 35 million members, also caters to the education and social welfare needs of the people (Radyati & Hasan, 2006).

*Pesantren* (traditional Islamic institution of learning or *madrasah*) in Indonesia have been organized or sponsored by the third sector as well. In the process the *pesantren* organizations have become part of “civil Islam” (cf. Robert Hefner) to propagate that “the modern ideas of equality, freedom, and democracy are not uniquely Western values, but modern necessities compatible with, and even required by, Muslim ideals” (Sirry, 2010). The government and TSOs (i.e., *pesantren* in this case), since the 1970s, became catalysts of an emerging modern society providing strong associational life to the citizens. Many *pesantren* accepted a curriculum suggested by the Department of Religion (Government of Indonesia) consisting of 70 % general and 30 % religious subjects, and in return received public subsidies, volunteered to be subjected to stricter state supervision, achieved status closer to the state schools, and got opportunities to have the graduates’ access to the higher education institutions (Sirry, 2010).

*Pesantren* graduates have provided leadership for NU since its establishment in 1926, and in the process has shaped the latter’s relationship with the state. The NU, under the leadership of Abdurrahman Wahid, in 1984 reconfirmed its



pledge to remain mainly a socio-religious organization and recognized the state ideology “Pancasila” as its sole ideological foundation (as it became a legal requirement that all mass organizations recognize the state ideology as the “sole foundation”).<sup>40</sup>

Two unique membership organizations, NU and Muhammadiyah helped the state achieve stable democracy to offer human security—the former provided democracy stabilizing President (Abdurrahman Wahid), the latter Parliament (People’s Consultative Assembly) strengthening Speaker (Chairman; Amien Rais) in the democratically elected government in Indonesia (1999–2004).

Collective efforts of the third sector tend to create “voice” to influence the establishment and its policies. Political agitations witnessed in 2011 in Egypt, Tunisia, and Yemen reflect this reality (discussed in Chap. 12) because these three MMCs in the Arab world have the highest TSO density (Table 6.1). Further, as opposed to the situation in other MMCs in the Arab region (where the TSOs are active in child welfare, environment, and women affairs), the TSOs in Egypt, Tunisia, and Yemen are more active in education and health to create a healthier and conscious society.

Unfortunately election-only “democracies” tend to damage the status or achievements of the TSOs gained under authoritarian rules if the TSOs are not self-regulating or membership-based. Thus, the TSO density is not the only factor in influencing human security impacts of the third sector. The study shows that foundations, non-profit companies, or cooperatives may help stabilize the economy, but political development requires member-based social organizations practicing democratic norms of mutual respect, tolerance, and competition. For example, Bangladesh has the highest density of TSOs in MMCs providing various social and economic development opportunities. Nonetheless, larger number of trusts and foundations involved in diverse fields of activity without many member-based (social) organizations create only little or no political impacts. As a result, third sector growth has been retarded in (re)democratizing Bangladesh (with new laws and regulations, see Chap. 4) but not in Indonesia. Membership-based two large competing social organizations in Indonesia (with a combined membership of about 70 million) that have practiced democratic norms for decades and also define the character of the third sector in the country shaped the associational landscape and helped stabilize democracy in the country to promote human security becoming envy of the third sector enthusiasts in other MMCs. Situation in other MMCs can only become better with the creation of membership organizations practicing the essential organizational norms like accountability, mutual respect, tolerance, transparency, and merit and competition in public affairs. Membership-based TSOs cannot be superimposed in the social structure; the social system needs to open up to gradually adapt to the changing world to promote strong and effective third sector to work for the provision of human security.

<sup>40</sup> This paragraph is based on Sirry (2010).



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# Chapter 7

## The *Waqf* and Human Security in Muslim Majority Countries: Traditions, Modern Practices, and Challenges

Niaz Ahmed Khan and Sultana Jareen

### 7.1 Introduction

The *waqf* (plural *awqaf*) is a key Muslim institution, and a legal mechanism that has been recognized and evolved under the Islamic law (*Shari'a*) since the second decade of Islam. Under the Islamic legal endowment (*waqf*) system, an owner permanently bequeaths property, its usufruct or income, to the use of specific beneficiaries or purposes. At the core, the Muslim endowment is deeply rooted in the religious precept of charity and has over hundreds of years incorporated and managed vast areas of land within the Muslim communities offering various human security services.

Of late, modern “reforms” in several Muslim majority countries (MMCs) have transformed *waqf* entities—abolishing, downsizing, or nationalizing the endowments (*awqaf*). There have been arguments that such reductionist interventions on *waqf* have created vacuum in the provision of many public services that the states occasionally were not in a position to provide adequately (UN-HABITAT, 2005). Notwithstanding these occasional curbs and control, both the concept of *waqf* and its doctrine per se remain influential and topical, and have recently witnessed revival. *Awqaf* continue to impact all aspects of Muslim life (including access to land, education, or health services), and have public policy implications.

Despite its historical significance and contributions, academic research on, and investigations of *waqf* remain limited, outside North Africa and West Asia, in particular. This chapter attempts to provide a critical overview of *waqf*, its legal foundations, genesis, features, human security impacts, and contemporary practices. The chapter is divided into two main parts; the first part provides an overview of *awqaf* in Muslim communities, and the second deals with *waqf* and human security. After this prologue, the first main part in three sections, deals with the concepts and features;

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the characteristics and classification; and the legal framework and management of *awqaf*. The second major part analyzes *awqaf* from the perspectives of human security services and related challenges. This part recapitulates some successful contemporary experiences, the lessons learnt, and challenges faced in upholding human security roles of a quintessential institution of the Muslim communities. It argues that the *waqf* has legal sanction, and has a long tradition of offering human security services in the field of education, health, urban utilities, but due to misappropriation (primarily by certain private *awqaf*), and mismanagement (primarily because of the traditional *mutawalli* primacy in the management) have lost its glorious days of offering many human security services. The chapter concludes that there should be consciousness raising programs to enhance people's surveillance against misuse of *awqaf* estates, and to attract keen volunteers to support *awqaf* in the provision of important service delivery. The MMC governments must offer facilitative actions to make *awqaf* more efficient in dealing with human security in the modern world. The work is based on a thorough survey of relevant literature and government documents.

## 7.2 An Overview of Muslim Charitable Foundations (*Waqf*)

### 7.2.1 Concept and Features

The word *waqf* (plural *awqaf*) derived from Arabic word “*waqafa*” means to hold, confine or prohibit. The concept is used in Islam in “holding” certain property and preserving it for specific benefit of certain beneficiary, and prohibiting any other use or disposition of it (Kahf, 1998). This definition refers to the perpetuity of the *waqf*, i.e., it applies to nonperishable property that is likely to create usufruct, without being consumed. It is conceptually similar to the common law trust, but has its source in the *shari'a* or religious law of Islam. The institution of *waqf*, is not mentioned in the Qur'an, but developed from the tradition (*Sunnah*) of the Prophet Muhammad (pbuh), traced to Prophet Abraham,<sup>1</sup> and became enriched with the juridical form around 755 CE (i.e., during the second and third Islamic centuries) (Kuran, 2001: 848). *Awqaf* had been regulated by Islamic law and under the Islamic court authority. Courts in many cities and towns kept detailed records of *waqf* properties as early as the fifteenth and sixteenth centuries. Many of these records are still maintained and historians explore them in Istanbul, Cairo, Fez, Damascus, Jerusalem, Isfahan, and other major cities throughout the Muslim world (Karim, 2013).

In accordance with the saying of the prophet Muhammad (pbuh), among acts and good deeds for which a believer is rewarded after death, are “a piece of knowledge he has taught and diffused, a virtuous son he has brought up, an inherited book of

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<sup>1</sup> Who spent his wealth in acts of charity, including the construction of the foremost altar in Arabia, the Ka-ba at Mecca (Fay, 1998: 2).

Quran he has left, a mosque or a wayfarer's house he has constructed, a river he has caused to stream or alms he has handed out of his riches while still healthy and alive, so that he benefits there from in afterlife" (Chepkwony, 2008). The institution of *waqf* is one such perpetual charity in the Islamic legal system, and constitutes an important ingredient of the poverty alleviation efforts. Charitable purposes of *waqf* traditionally included educational institutions, orphanages, health facilities, public bath, roads, caravan *sarai*, religious establishments like mosques, graveyards, etc. among other public facilities (Baskan, 2002; Hasan, 2007; Hoexter, 1998; Hoexter, Eisenstadt, & Levtzion, 2002; Kuran, 2001; Lewis, 1990; Sadeq, 2002a; also see Chap. 3).

### 7.2.2 *Waqf: Characteristics and Classifications*

As a "benevolence infrastructure," the Muslim *waqf* enjoys juristic personality (i.e., it can sue and be sued as a legal entity) (Kuran, 2001: 848), and has two distinct characteristics. First, the *waqf* is to lock up the title of an owned asset from disposition and for the benefit of a group of people or purpose(s). Since *waqf* is a voluntary act of benevolence, the conditions specified by the founder must be fulfilled to their letter as long as they do not contradict or violate any of the *Shari'a* rulings. Thus, revenues of *waqf* can only be used for the objective stipulated by its founder. Many MMCs (e.g., Algeria, Egypt, Syria, Turkey, and Tunisia), at independence, due to the complaints of misuse of private *awqaf* (many holding prime urban lands), nationalized *awqaf* property redefining the perpetuity clause<sup>2</sup> (see, Hasan, 2007 for more). Nationalization of *waqf* property also received legal backing; for example, the Federal Shari'a Court of Pakistan maintained that nationalization of *awqaf* property "was not in contradiction with the *Shari'a*" and the sale of *waqf* land is justified as long as "the main purpose of the *waqf* is served and satisfied"<sup>3</sup> (discussed in Hasan, 2007). Diverting *waqf* revenues to other purposes is not within the authority of management or supervisory courts as long as the stipulated objective is feasible and compatible with the *Shari'a*. Nonetheless, if a *waqf* purpose becomes unfeasible, the revenue of such a *waqf* has to be spent on the closest purpose available, both conceptually and geographically; if this is not workable, the benefits of the *waqf* must be diverted to any philanthropic action.

The second characteristic of the *waqf* is the permanence of the stipulations of the *waqf* founder. The *waqf* endowment must be used only for the benefit of the defined

<sup>2</sup>The state intervention on *awqaf* properties began with the Ottoman *awqaf* law, enacted around mid-nineteenth century, in response to the abuse, neglect, mistrust, or corruptions of a great majority of *awqaf* managers (*nuzzar*) (discussed in Hasan, 2007; Kahf, 1998).

<sup>3</sup>The Council of Islamic Ideology in Pakistan, however, condemns the nationalization of the *awqaf* property because "confiscation of any *waqf* property by individuals or by the State was in contradiction to Shari'a and ought to be revoked" (discussed in Hasan, 2007 from Malik, 1999).



purpose(s) and cannot be disposed of or transferred to other owners (Ali, 2009). In this sense, *waqf* is a perpetual charity,<sup>4</sup> and once a property, often a real estate, is dedicated as *waqf*, it is to remain so forever. Theoretically perpetuity implies that *waqf* properties should not decrease; requiring *waqf* founders and the court make extra precaution in documenting and preserving the *waqf* deeds. The concept of “permanence” covers all original stipulations by the founder(s) relating to such aspects as purpose, distribution of revenues, management, and supervisory authority (Khan, 2010). The “perpetuity” character is, however, defined differently in different MMCs.<sup>5</sup>

There are three types of *waqf*: religious, public or charitable, and family (Kahf, 1998). In the history of Islam, the first religious *waqf* is the mosque of Quba’ in Medina which was built upon the arrival of the Prophet Muhammad (pbuh) in the city. It stands now on the same site with a new and enlarged structure. The Quba’ mosque followed the mosque of the Prophet (pbuh) at the center of Medina. The real estate surrounding these mosques, being categorized as religious *waqf*, earn revenues for the mosques’ maintenance and operating expenses.

The charitable or public endowment (*waqf khairi*) involves the permanent dedication of property to charitable purposes. It aims at supporting the poor segment of the society and public benefit activities such as libraries, scientific research, education, health services, public baths, care of animals and environment, lending to small businessmen, and construction and maintenance of parks, roads, bridges, or dams. This practice was followed by a companion of the Prophet (pbuh), Umar ibn al-Khattab<sup>6</sup> (later the second Caliph of Sunni Muslims—12–23 H/635–645 CE). Many other public *awqaf* were made on the Prophet’s (pbuh) advice such as a *waqf* of drinking water in Medina, *waqf* of horses and camels for the sake of God and others.

The third type of *waqf*, started during the reign of Caliph Umar ibn al-Khattab, called posterity, private, *waqf ahli* or family *waqf* renders the income to the founder’s family until the distinction of his or her descendants, whereupon it is diverted to a charitable purpose. Therefore, unlike the Western foundations that are restricted to religious or philanthropic purposes, *waqf* in Muslim society may also be for one’s

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<sup>4</sup>There have been claims with evidences that “perpetuity” or “continuity” could be “analogous rather than actual.” There have been examples of *awqaf* providing a share of bequeathed agricultural land to orphans to plow and benefit from the crops, and bequeathing grains to give to the farmers who could not afford seeds with conditions of returning the grains after the harvest so that another group can benefit from, and so forth (Hasan, 2007; Raissouni, 2001).

<sup>5</sup>Egypt in the early twentieth century limited the family *waqf* to a maximum of 60 years; and allowed the religious *awqaf* to be “perpetual” (Stibbard, Russel, & Bromley, 2012: 797). Many MMCs, like Syria, Lebanon, Morocco, etc. also have defined “perpetuity” in terms of two generations or a 100 year maximum (Hasan, 2007).

<sup>6</sup>Being advised by the Prophet, Umar bin Khattab (the second Caliph of Sunni Muslims) endowed the newly received prime land in Khaibar (including a garden of date palms called Thamag), with condition that the land and trees can neither be “sold nor be given as a present, nor be bequeathed, but the fruits are to be spent in charity” (Bukhari, 1971: 4:51:33–4) for Allah’s cause, for the emancipation of slaves, for the poor, for guests, for travellers, and for kinsmen (Bukhari, 1971: 4:51:26; 4:51:38); for more see, Hasan, 2007.



own family and descendants (with the ultimate purpose of public benefit when the family chain seizes).

Previously, immovable assets (houses or lands) were the only source of *waqf*; immovable assets were added later. In the same vein, cash *waqf*, later on, received the jurists' sanction. Nowadays, cash *waqf*, because of its flexibility, has become increasingly well known. Cash *awqaf* allows benefits of *waqf* to people with low savings (or no land), better protection of money because of the involvement of the financial institutions, and benefits to the needy people outside the *waqf*'s neighborhood (see, Hasan, 2007 and Chap. 3 in this volume).

The *waqf* emerged as an important Islamic institution deeply rooted in and flourished extensively through Muslim civilizations. The Islamic model of *waqf* has influenced the world at large, and many great institutions have been established following the Islamic model of *waqf* (Chepkwony, 2008). In Islamic history, as noted in the preceding discussion, *waqf* played an important role in the provision of education, health, sociocultural activities, as well as public goods such as roads, rest houses, public baths, or water facilities. In the heyday of *waqf* (before the colonial era in many parts of the world), a large proportion of land was under the *waqf*—endowed and earmarked for purposes that had direct bearings on poverty reduction. *Awqaf* owned about a half of the agricultural land in Algeria (in the mid-nineteenth century CE), one-third in Tunisia (in 1883) and one-eighth in Egypt (in 1949). Such endowments were among the basic support given to the authority of the caliphate in meeting the educational and health needs of society (Cizakca, 1998).

For centuries, the Muslim caliphates and states did not have departments or ministries to take care of public works, roads, bridges, mosques, schools, libraries or hospitals, for the yields of endowment properties used to cover those public needs. Besides the land assets, cash also became a source of *waqf* endowment. People used to use the endowed cash to lend as investments or to finance targeted projects.

The institution of *waqf* offered education, health, urban physical facilities, etc., for example in Ottoman Turkey, and in the process played significant role in alleviating poverty or developing socioeconomic condition of the beneficiaries (Sadeq, 2002a), and in establishing social justice (Hasan, 2007). Historically, many *awqaf* were formed to serve people as well as the religious causes. Nonetheless, *awqaf* have been involved in economic activities to influence many beneficiaries' lives offering varied services, and, in the process, served human security purposes.

### 7.2.3 Legal Framework and Management of *Waqf*

The laws relating to the *waqf* are an integral part of Islamic law (*Shari'a*), more specifically Muslim family law. It has relations with other areas of law and society such as inheritance, wills, gifts, and marriage. The Muslim *waqf* arrangement allows the owner of property to tie up or settle the property for the use of defined beneficiaries in perpetuity. A *waqf* is founded once the owner (*waquif*) makes a declaration that the income of the property is to be reserved permanently for a specific purpose.

*Awqaf* endowments, primarily being land or estate, allow permanence and security of the act of “continuous charity.”

In principle, the founder of the *waqf* (*waquif*) is to organize the management of the *waqf*. The *waqf* trustee (*nazer/mutawalli*—the *waquif* him/herself or a nominee) holds the title of the *waqf* property, exercises legal control and is bound by fiduciary duty to protect and administer the *waqf*, in accordance with the terms of the *waqf* deed, for the benefit of the beneficiaries. As the trustee, the *mutawalli* has the primary responsibility for prudent management of assets in their custody, and to have a certain level of business skills and investment knowledge to support their role in monitoring the safety and performance of assets in their custody.

A probe into the relevant history reveals two major junctures that transformed the management of *awqaf*, and their relative public service impacts. The first transformation was caused by the expansion of the role of the judiciary from a (*waqf* related) dispute solving agency to an *awqaf* monitoring agency. In the early part of the eighth Hijri century (fifteenth century CE), a judge in Egypt established a special register and office to record and supervise *awqaf* in his area (Stibbard et al., 2012: 795). Thus, an *awqaf* office for registration and control, linked to the supreme judge called the “judge of judges,” was created. There was a shift in *awqaf* control from the local community to an agency which was not qualified for managerial supervision. The second juncture was witnessed in the late thirteenth century of Hijri (1863 CE) when the Ottoman Ruler established a Ministry of *Awqaf* to place all *awqaf* properties “under supervision, and very often under government management” (Stibbard et al., 2012: 795). The Ottoman *awqaf* law, the first step of government intervention, did not transfer all *awqaf* under the government or eliminate the private *awqaf*. Nonetheless, these interventions had serious detrimental effects on the efficiency and performance of *waqf* in many cases, and led to the elimination or drastic reduction in the family *waqf* and merger of other *awqaf* to government properties in many MMCs, especially most Arab countries.

During the first half of the twentieth century *awqaf* laws were framed in almost all Muslim majority countries or even in countries without Muslim majority, like India or Singapore. These laws also established a branch of government, called the Ministry or Department of *Awqaf* to manage *waqf* properties the same way other branches of the public sector manage resources. For example, in Brunei, the MUIB (Majlis Ugama Islam Brunei) administer and manage all *waqf* properties using e-government technology and became the sole trustee for all *awqaf*. The MUIB also provides information and understanding to the public about the *waqf* procedure, and has successfully increased the *waqf* income making the profits available to all needy Muslims.<sup>7</sup> Many countries, by reforming the *waqf* law, have created a board of *mutawallis* with the character and power similar to those of a modern board of trustees (Kuran, 2001: 843). In Bangladesh advisory boards have been created in many *awqaf*, to support and supervise the *mutawalli* (Hasan, 2007).

<sup>7</sup> [www.muib.gov.bn](http://www.muib.gov.bn), Last accessed on 20 May, 2013.

Some efforts to reform the management of *awqaf* have been made in other MMCs. In Sudan, for example, *awqaf* were reorganized under a new Public Corporation of Awqaf in 1987. Kuwait established the General Secretariat of Awqaf in 1993 as an autonomous government body to manage the *awqaf*. *Waqf* administration in Kuwait is under the Awqaf and Religious Affairs Ministry. In Kuwait the focus of the *waqf* practice is on charity—ultimately contributing to social development. The Ministry organizes community programs and activities within and outside the countries to promote the *awqaf*. In addition, there has been investment in *waqf* assets and increased proceeds to be spent for the development of the society.<sup>8</sup> Qatar also remodelled its Ministry of Awqaf along similar lines (Kahf, 2003).

In some MMCs, the government department to regulate and monitor *awqaf* properties was not successful, e.g., there have been serious weaknesses in the oversight by the Department of Awqaf in Bangladesh (Karim, 2010). As a result, many *awqaf* experienced mismanagement of the endowment as well as the income. In fact, *awqaf* management in many Muslim communities, including Bangladesh, fell in disrepute primarily because of the actions (often under local political pressure) of the *mutawalli* (trustee) (discussed in Hasan, 2007).

While more than one third of the agricultural land and sometimes about one half of the buildings in major cities in Syria, Turkey, Egypt, Morocco, Algeria, Iraq or Palestine were *awqaf* properties, the revenue generated through *awqaf* were not even sufficient for the basic maintenance of the properties or for the routine operational cost (requiring respective government subsidies in most of cases) (Kahf, 2003). These facts, with serious detrimental effects on the efficiency and performance of many *awqaf*, led to the abolition or drastic reduction (of the perpetuity clause) in the family *waqf* or to the nationalization of *awqaf* properties in many Muslim majority countries, especially in the previous Ottoman territories.

Leadership in many postcolonial Muslim majority countries took a negative stand towards *waqf*, essentially for the latter's control of prime lands and alleged misappropriation of private *awqaf*. For instance, many *waqf* properties in Algeria, Egypt, Syria, Tunisia, or Turkey were added to the public property of the government or the army or were distributed through land reforms and other means and methods, while governments in these countries took responsibilities of spending on mosques and leftover religious schools including the al-Azhar University in Cairo. Some MMCs, such as Algeria, Jordan, Kuwait, Lebanon, Sudan, and Turkey, have taken measures to revive and develop *awqaf* properties enacting *waqf* laws mandating recovery, preservation, and development of *waqf* properties. New legal framework in Kuwait and Sudan, for example, encouraged people to create new *awqaf*. These two countries also provided a mechanism for community-financed *awqaf* enterprises that serve major social objectives such as helping the poor, building hospitals, schools, and youth centers and providing them with revenues to finance their day-to-day operational expenses (Kahf, 2003). Thus, there are signs of government interest in creating and promoting human security service roles of the *waqf*.

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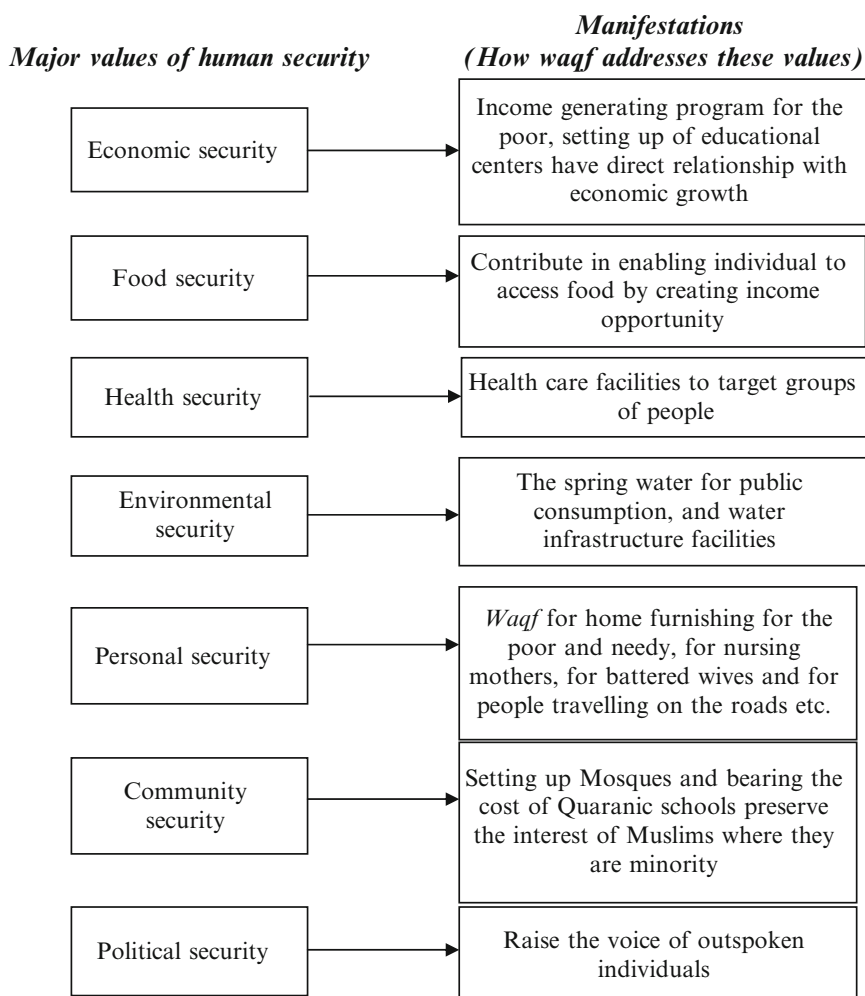
<sup>8</sup> [www.awaqf.org](http://www.awaqf.org), Last accessed on 22 May, 2013.

### 7.3 *Waqf* and Human Security

With the end of the Cold War, the pace of intellectual thinking and debates on security got momentum. In 1991, the Stockholm Initiative on Global Security and Governance prescribed a wider concept of security, which dealt with threats that stem from failures in development, environmental degradation, excessive population growth and movement, and lack of progress towards democracy (The Stockholm Initiative on Global Security and Governance, 1991). Mahbub ul Haq at the United Nations Development Program (UNDP) emphasized individual safety and well-being—as well as safety to all people everywhere—in their homes, in their jobs, in their streets, in their communities, in their environment (Haq, 1994). During this period, there had been efforts to “redefine” security by bringing in the hitherto neglected “human dimension” with a view to offering an alternative to traditional security and a necessary supplement to human development (see, UNDP 1994, for a pioneering argument). From these perspectives, the concept of security symbolizes and encompasses protection from the threat of disease, hunger, unemployment, crime, social conflict, political repression, and environmental hazards. The efforts highlighted seven specific values of human security: *economic security*, *food security*, *health security*, *environmental security*, *personal security*, *community security*, and *political security* (Fig. 7.1; also see Chaps. 1 and 2 in this volume).

*Economic security* refers to an individual’s enjoyment of a basic income, either through gainful employment or from a social safety net. *Food security* refers to an individual’s access to food via his or her assets, employment, or income. *Health security* refers to an individual’s freedom from various diseases and debilitating illnesses and his or her access to health care. *Environmental security* refers to the integrity of land, air, and water, which make human habitation possible. *Personal security* refers to an individual’s freedom from crime and violence, especially women and children who are more vulnerable. *Community security* refers to cultural dignity and to inter-community peace within which an individual lives and grows. Finally, *political security* refers to protection against human rights violations (UNDP, 1994). In the above backdrop, it is argued in the following texts, that the underlying philosophy and manifestations of *waqf* neatly fall in line with and broadly reflect the key values and ethos of the current developments in the discourse of human security.

Muslim endowment (*waqf*) is adequately equipped to provide for the basic needs and requirements for ensuring human security. *Waqf* may be usefully utilized to provide education, health care, and physical facilities to targeted groups or communities of people through carefully designed poverty alleviation programs and relevant other schemes (Ali, 2009). The compulsory and optional charities in Islam such as *Zakat* and *Sadaqah*, respectively, address the poverty problem by adopting basically a redistributive approach, while *waqf* can be used to enhance the capabilities of the poor to take care of themselves by provisioning basic well-being and associated human development and empowerment services. Supporting the poor has always been a priority among the *waqf* objectives to the extent that it has become known in the *Shari’ah*



**Fig. 7.1** Human security, major values, and *Waqf*: conceptual framework and linkages

that if a founder does not mention an objective for her/his *waqf*, supporting the poor and needy must be considered the de facto objective (Dogarawa, 2009).

Poverty reduction efforts typically call for income and livelihood enhancement, improvement in non-income aspects such as health and education, and increase in access to physical facilities, resources, and employment strategies. *Waqf* may therefore effectively address the issue of combating poverty in a comprehensive manner—by increasing capabilities of the poor to improve their well-being and associated economic conditions, and moving beyond short-lived re-distributive charities. The fields of social welfare, environment protection, and animal care have been another broad arena to which the *waqf* has made significant contributions.

The most frequent use of *waqf* revenue has been expenditure on mosques. *Waqf* endowment for mosques comprises the land lot, construction, furniture, fixture, and annexes for Quranic schools, libraries, ablution facilities, and sometimes housing for the Imam. There also have been *awqaf* devoted to management and maintenance of mosques—including honoraria (and perks) for the caretakers, the *Muezzin*, and the *Imam*. These mosques, however, doubled as educational institutions offering religious and general education to children from low income families (see Chap. 3).

It is important to reemphasize the comprehensiveness of *waqf* as a means of welfare that proffers many benefits for the whole society or people; examples include *waqf* for spring water for public consumption, building houses for the deprived, erecting free resting platforms for impecunious travellers, developing and maintaining transport infrastructures, organizing funerals services, helping the handicapped, financing marriage of young people in need, establishing and maintaining orphanages for underprivileged children, or running refuges for the elderly. Relevant experiences of *waqf* in Muslim communities have shown that the development of *waqf* culture especially in the fields of education, health, and social welfare have considerable influence on promoting social development (Hasan, 2007).

In addition to the above, *awqaf* can be and have been used for the purpose of city protection, paying taxes of (incapable) neighbors, supply of food for children, and so on. In recent years cash *waqf* in many Muslim societies has been more common, and some rich Muslims have established specific (in cash) funds on condition that the loans would only be used for social services for the vulnerable segments of the society (Cizakca, 1995). *Waqf* thus provides for an equilibrium position in distributing resources between individual and societal needs. Noteworthy, one crucial yet formidable challenge in managing a society is to provide a balance between individual profit and social benefit, as well as between private and social marginal revenues. *Waqf* seeks to reach this aim in low income countries where the cost of free market economy and rapid development has contributed to disharmonies and inequity in development creating social injustice.

It is also worth mentioning that the growth, expansion, and variation that Muslim charitable endowment (*waqf*) witnessed were paralleled by a growth and expansion in the jurisprudence, legal opinion, legislation as well as in the systems of record keeping, accounting, and monitoring. These aspects manifested a high level of civilization and modernity in the history of Muslim societies. Muslim charitable foundations, *awqaf*—with religious, scientific, social, and political dimensions—had been crucial and lasting resources for Muslim civilization, and still have significant potential in contributing to human security needs of contemporary Muslim communities.

### 7.3.1 *Waqf and Its Human Security Services*

The idea of *waqf* consists of a “third sector” distinct from the profit-seeking private sector or the power-seeking public sector, and relates to the philosophy that public benefit activities may achieve more being away from motives for profit or power. These tasks fall in the arena of such human qualities like righteousness, goodness,

kindness, mercy, or benevolence. The idea of *waqf* indicates that the Islamic system recognizes the importance of the nonprofit sector in social and economic development and provides necessary legal and institutional protection for the *waqf* to function. The *awqaf* resources make the third sector play major roles in social and economic life of Muslims and creating opportunities for undertaking service delivery activities outside the traditional private and public sectors of the economy, in particular education, health, social welfare, environmental welfare, etc. (Fig. 7.1). Over the years *waqf* beneficiaries have expanded to cover many aspects of human security: education, health, water, shelter, women, and political.

### 7.3.1.1 Education

Islam emphasizes the pursuit of education<sup>9</sup> and suggests acquiring knowledge is compulsory for every Muslim men and women. Historically educational institutions (religious and secular) have been significant beneficiaries of *awqaf* properties. High schools and universities in cities such as Al Quds, Damascus, Baghdad, Cairo, and Nishapur built by *awqaf* numbered tens and hundreds. *Awqaf*-run universities specialized in different areas of sciences, such as medicine, chemistry, and Islamic studies. These included universities like Al Qurawiyin in Fez, Al Azhar in Cairo, and Al Nizamiyah in Baghdad supported by *waqf* estates with the provision of buildings, teaching materials, scientific books, salaries for teachers, stipends for students, students' dormitories (for both single and married students), etc. (Sayed, 1989). *Awqaf*<sup>10</sup> (consisting of orchards and rentable buildings) have contributed to the construction of man scientific libraries, procurement of thousands of books, payment of the salaries for the employees, supervisors, and script writers.

Since the beginning of Islam, in the early seventh century, education has been financed by *Waqf* and voluntary contributions. *Awqaf* of the Ayyubid Dynasty (1171–1249 CE) and the Mamluk Sultanate (1249–1517 CE) in Palestine and Egypt are good examples. According to the historical sources, among the 64 *waqf*-funded schools in Jerusalem at the beginning of the twentieth century CE, 40 were established by the Ayyubid and Mamluk rulers or governors (discussed in Kahf, 2003 from Al 'Asali, 1983: 95–111). The University of al Azhar is another example. It was founded in Cairo in 972 CE and was financed by its *waqf* revenues until the government of Muhammad Ali in Egypt took control over the *awqaf* in 1812 CE (Ramadan, n.d.). The Al-Azhar University was well known not only for its contribution to the Islamic knowledge but also for its role as the propagator of faith-based activities all over the world (Kuran, 2001).

<sup>9</sup>The Prophet (pbuh) advised Muslims to go as far as to China (the farthest known land to the Arabs), if required, to seek knowledge.

<sup>10</sup>The importance of libraries and books reached a level that forced many *fuqaha* who usually do not consider *waqf* applicable to mobile assets to make an exception with regard to copies of the Qur'an and scientific books, so there is no disagreement among the *fuqaha* on the permissibility of making these two kinds of mobile assets into *waqf* (discussed in Kahf, 1998 from Zarqa, 1947: 48).



Some charity-based “mosque-universities” are still influential in the Maghreb. For example, in Morocco, in spite of the government’s recent emphasis on modern “secular” education and the resultant restraining of the state funding, *madrasa* education has continued apace to remain popular receiving supports through social networks, private patronage (because of the continuation of some *awqaf* funds), and voluntary supports of the general mass (Eickelman, 2002; Hasan, 2007). Muslim majority areas of Asia, *awqaf* provide support for education. Some institutions (e.g., *madrasas*<sup>11</sup> or orphanages) in Muslim communities, for generations, have been receiving *waqf* funds. Almost all *madrasas* operating in Bangladesh, and Pakistan, like many other Muslim majority countries, are established, and managed with *awqaf* funds.

Many of the 8,000 *awqaf* supported educational institutions in Bangladesh are approved by the Bangladesh *Madrasa* Education Board (Sadeq 2002a), and have graduates admitted to the national universities. *Awqaf* have thus significantly contributed to providing educational facilities to a large number of citizens—especially the disadvantaged groups in the country. In other MMCs, like the Islamic Republic of Iran, there has been a strong tradition of *waqf*-led social services especially in the education and health sectors (Salarzahi, Harmesh, & Nikbin, 2010). In Malaysia, Islamic educational institutions, especially the *pondoks* (boarding schools), are established and operated by *awqaf* funds (Bakr, 2001).

Although religious education has usually been covered by *waqf* on mosques, education in general has been the second largest user of *waqf* revenues. Even government financing of education often takes the form of constructing a school and assigning certain properties as *waqf* for its expenses. This mode of management has been applied to the establishment of a range of educational and training facilities including primary and secondary schools as well as colleges and higher education centers (Khan, 2010).

### **Box 7.1 Awqaf in Bangladesh: Laws, Extents, and Outcomes**

#### *Regulating Instruments*

The Bengal *Waqf* Act 1934 (that brought the *awqaf* under direct government supervision).

The *Waqf* Ordinance 1962 (that governs *awqaf* properties).

#### *Regulating Body*

An autonomous *Waqf* Board headed by the Administrator of *Waqf* (under the Ministry of Religious Affairs) with 85 officials (in a setup of 99).

The *Waqf* Administrator:

Is to supervise and monitor the activities of the *mutawalli* (trustee of a *waqf*);

May help formation of an advisory board (comprising 15–20 individuals) in *awqaf*, to reduce the *mutawallis*’ responsibilities and powers;

(continued)

<sup>11</sup> “Madrasa” is an educational institution with emphasis on Islamic religious teaching.



**Box 7.1** (continued)

May take over the management of any *waqf*, if deemed fit (on allegations from any interested party about its mismanagement or misappropriation of funds). The judiciary also has been influential in protecting *awqaf* properties—the High Court has termed sale of a *waqf* property “illegal and void, and not binding upon the *waqf*” because at the creation of the *waqf*, the title in the property vested absolutely in Allah.

According to an official survey of *waqf* estates conducted in 1986 there are 150,593 *awqaf* in Bangladesh, 65 % (97,461) of which have registered deeds, 30 % (45,607) have been oral *waqf*, and the rest are *waqf* by use. Only 20,216 (or 13.4 %) *awqaf* are registered with the Waqf Board.

*Awqaf Extents and Impacts*

In 2013–2014 the fee collected by the Waqf Board at the rate of 5 % of income from its 20,216 registered *awqaf* amounted to about \$7.2 million, suggesting a total annual income of the *awqaf* to be about \$144 million; the 130,000 *awqaf*, not registered with the Waqf Board, are also likely to have more income.

There are 150,593 *awqaf*; some 123,000 mosques. But many mosque adjacent properties earn huge rental income (e.g., the Baitul Mukarram mosque).

There are also 55,584 *Eidgah* (open space designated for *Eid* prayers); 21,163 graveyards; 1,400 *dargah*, and 3,859 other institutions.

These mosques (like thousands of non-*waqf* mosques) have attached “*mukhtabs*” offering free elementary education for children.

Most mosques serve as cultural and public centers offering social, community, and hygiene services under the auspices of “Imam Training Program” (of the Imam Training Academy, Islamic Foundation Bangladesh).

All *awqaf* owns about 366,598 hectares of land; about 283,400 hectares (77 %) of which have been under illegal occupation (Reported in 2005 at a Parliamentary Standing Committee meeting).

*In Education*

About 8,000 educational institutions have been getting supports from the *awqaf*; besides, there are more than 123,000 “*mukhtabs*” attached to the mosques, imparting religious as well as mainstream (secular) education.

The University of Dhaka, with about 30,000 students mostly from humble socio-economic background, is established on a 600-acre *waqf* estate. The University actively encourages endowment facilities to support education for the underprivileged students, and has more than 200 Trusts and Foundations offering scholarships, stipends and other resources to the meritorious students.

*In Health*

The Hamdard Laboratories (Waqf) Bangladesh, one of the largest *awqaf* has several social development enterprises including pharmaceutical (marketing about 200 drugs), laboratories for scientific research, colleges, universities, 200 (free) health centers and hospitals.

(continued)

**Box 7.1** (continued)

(Source: BBS, 1998: 10–49; DLR, 1998; GPRB, 1982, 1983a, 1983b, 1986a, 1986b; Hasan, 2007; Karim 2010, 2013 Khan 2010, Rahman, 2003, Sadeq 2002a, 2002b; Salarzahi et al., 2010).

*Waqf*-supported free education contributed to reducing socioeconomic differences by offering education to those who can acquire it on the basis of merit, rather than their ability to pay for educational services. Hence, children from low-income families had equal educational opportunities in *waqf* funded educational institutions to move upward in the socioeconomic ladder.

**7.3.1.2 Health**

There is a crying need for medical facilities in the resource-poor parts of the world. Unavailability of medical services results in poor health, low productivity, low income, and poverty, among others. Fortunately, health services are provided by *awqaf* in many Muslim communities. *Awqaf* over the years have supported the construction of hospitals, expenses related to physicians, medical students, and patients (Stibbard et al., 2012: 795). Hospitals and associated logistics and equipment, staff salary and emoluments, schools of medicines and pharmacy, and stipends to students have historically been provided for by many *awqaf*. Besides, dedicated *awqaf* are established for specialized centers for medical research, or for payment for food and medicine for hospital patients. In fact, a wide range of health services has been the beneficiary of *awqaf* for ages.

There are even instances of programs supported by some *awqaf* for patients' entertainment as well as for hiring people for comforting the patients by downplaying the illness and overstating the cure (discussed in Kahf, 1998 from Al Qaradawi, n.d.). In Egypt for centuries many *awqaf* established hospitals used their profits in upgrading health service facilities, and provided free health care to the needy (Kandil, 1993). The establishment of hospitals with *awqaf* constituted a sign of a more complete integration with Muslim culture and civilization, and also a guarantee of the hospital's longevity (Chipman, 2007).

Most hospitals in many Muslim lands were financed from the revenues of pious bequests of *waqf* (Nagamia, 1992) donated by wealthy men—especially the rulers. Income from many *awqaf* would pay for the maintenance and operating costs of the hospitals, and occasionally, supply a small stipend to the patient upon dismissal. Services provided by these hospitals were to be free although individual physicians were allowed to charge a fee. Moreover, many hospitals produced many medical students, who eventually gained global reputation; such illustrious personalities include

al-Razi (841–926 CE), al-Zahrawi (931–1013 CE), Avicenna (i.e., ibn Sina 980–1037 CE), Averroes (or ibn Rushd 1126–1198 CE), ibn al-Nafis (1208–1288 CE). Some *waqf*-supported hospitals, being well-funded, historically contained “state-of-the-art” equipment, and served as a “reference point” for medical students. The Ibn Thuloon Hospital in Egypt in the fourteenth century CE, for example, housed a collection of some 100,000 specialized books on medicine and allied disciplines.<sup>12</sup>

Replicable examples of *awqaf*’s involvement in health service are available in Malaysia. Malaysia has different *waqf* management practices in different states. Alongside these variations, however, there are commonalities too: most of the *waqf* properties, for example, are developed for several popular common purposes—notably mosques and community centers, educational development, social welfare, or health. For example, the MAIS and its subsidiaries (including the MAIS Group Corporation Sdn Bhd—RMC) operate several well-being services for the Muslims in Selangor under *waqf* management; these include MAIS Dialysis Treatment Centre, mosques, higher institutions of learning, worship institutions, and shops.<sup>13</sup> In Kedah, MAIK (Majlis Agama Islam Kedah) promotes a project called *Waqf Jemba* that runs a community-focussed land and property management scheme targeting common members of the public.<sup>14</sup> In Penang, the trustees manage their *waqf* through renting of commercial premises, raising and developing accommodation units, medical treatment centers as well as shopping and office facilities. They have a particular focus on the development of medium-cost apartments and terrace houses.<sup>15</sup>

Other similar examples include the establishment and management of hospitals and clinics on charitable contributions, and dedicating these facilities to the needy and most deserving patients and proffering free or subsidized medical services. The specialized Razavi Hospital of Mashhad, for instance, is one such prominent symbol of “benevolent will” inspired by the lessons of classical Islamic preaching in support of human dignity (Salarzahi et al., 2010). Another example of the health *waqf* is the Shishli Children Hospital in Istanbul which was founded in 1898 (Sayed, 1989).

In many Muslim countries, including Bangladesh, Malaysia, Pakistan, and Yemen, public hospitals are established and supported by large *awqaf*. Charitable dispensaries all over South Asia have also been major beneficiaries of local *awqaf* providing health service to thousands of poor people. A major *waqf*, the Hamdard Foundation, since 1906, has been producing and marketing herbal cures and nutrients in Pakistan (Hasan, 2007). Hamdard Laboratories in Bangladesh also has established and managed several social development enterprises including laboratories and facilities for scientific research, institutions for higher education, and hospital (Box 7.1). Some other *awqaf* have been offering essential services in diverse health and human related issues.

<sup>12</sup>The University of Paris, by comparison, had the biggest library in Europe at that time with only 400 books (Othman, 2006: 101).

<sup>13</sup>[www.mais.net.my](http://www.mais.net.my), Last accessed on 26 May, 2013.

<sup>14</sup>[www.maik.gov.my](http://www.maik.gov.my), Last accessed on 20 May, 2013.

<sup>15</sup>[www.mainpp.gov.my](http://www.mainpp.gov.my), Last accessed on 26 May, 2013.

### 7.3.1.3 Water

*Awqaf* have great social significance in providing many social services not afforded by the government. For example, apart from providing charity in the form of running soup kitchens (e.g., serving 30,000 of Istanbul's 700,000 people at the end of the eighteenth century CE), *awqaf* used to deliver water, defend towns, pay neighborhood's taxes, support retired sailors, supply fruits to the children of a community, organize picnics for a designated guild, subsidize the cultivation of rare roses, or operating commuter ships, among other things (cited in Kuran, 2001: 850)

Throughout history, *awqaf* proceeds have been dedicated to many purposes, e.g., a school, a bathhouse, a soup kitchen, a water fountain, and the like. Public bath became one of the major beneficiaries of *awqaf* from the early days of Islam because the Believers have to be ritually pure to perform daily regular prayers. Founding *awqaf* for public bath or places for ablution became major source of earning heavenly rewards for ages as long as the public baths remain operational helping people perform *ibadah* by becoming ritually pure (Hasan, 2007).

Public foundations used to create demands in the marketplace. For example, public foundations in Aleppo in the mid-eighteenth century CE funding hundreds of mosques, religious colleges, Sufi lodges, and public water fountains retained teachers, prayer leaders (*imam*), preachers, janitors, clerk, and administrators, as appropriate, paying them small wages drawn from the respective endowments (Marcus, 1989: 161). So the pride of being associated with these dignified works had been a great motivation for volunteering time—working only for a little amount of money.

### 7.3.1.4 Shelter

Orphanages and caravan *sarai* (for the wary travellers) have been major beneficiaries of *awqaf* from the early years of Islam. In modern times, many other shelter and human habitat related issues are tackled by *waqf* income. For example, in Fes (Morocco) there are furnished houses under bequest where poor people get married and stay for a few days. In Marrakech (Morocco) many endowments run “shelter homes” for women in conflict with their husbands providing accommodation and maintenance expense until they reconcile with the husbands (discussed in Hasan, 2007; Raissouni, 2001).

In Indonesia and Malaysia, most urban *waqf* donations appear to be in the form of lands, for mixed use of mosques, schools, graveyards, and occasionally markets, although in rural areas. In Indonesia, *awqaf* incomes are used mostly for the physical development of mosques or cemetery, occasionally being diverted for the construction or management of places for discussion, wedding, or seminar. *Waqf* lands are also being utilized for benefitting farming activities, retail stores, or agriculture processing. In Kelantan, Malaysia, *awqaf* may offer shelters for weary travellers. In many urban *waqf* lands, residential *kampungs* (communities) have grown enabling poor and indigent Muslims to reside, pray, be educated and ultimately buried, on land with sale or rental value beyond the reach of such individuals (discussed in Hasan, 2007 from

Nagata, 2002). There are evidences that soup kitchens, hospitals, shelters, and other social welfare institutions served people of all religions (Hasan, 2007).

Examples from Malaysia suggest that *awqaf* support investments in the health and education sectors as well as for the establishment of cooperative housing, industrial companies, libraries, laboratories, and research centers contributing directly to the promotion of economic growth and gross domestic product of the country (Arif, 1991). Often *awqaf* offer funds for ensuring equality and development (Sabit, Hamid, & Omar, 2005). For example, Majlis Agama Islam is established by the State of Melaka as the sole trustee of the *waqf* properties in the state. Similar management is done in Johore and Negeri Sembilan. These three states in Malaysia managed *waqf* properties, for example, schools, graveyards, mosques, land, and buildings. These *waqf* funds are divided into general *awqaf* (e.g., rental accommodation, shop-house, petrol station, or car park), and special *awqaf* (e.g., mosques, Islamic schools or *madrasa*, and graveyard).

In Johor, the award winning (“Excellent Mosque”) Masjid Jamek Bandar Baru (Masjid BBU), a *waqf*, has made social and economic returns to the local communities by following an integrated management of several associated projects such as a two-storey shopping mall, apartment and housing scheme, community hall, land and property, and health and specialized dialysis centers. Currently the mosque-waqf has an estimated asset worth nearly RM8 million.<sup>16</sup> Thus, examples of *awqaf* in the provision of shelter in MMCs are wide and varied.

### 7.3.1.5 Women

Islamic property law, in the seventh century, guaranteed women right to own property, encouraged women to create *waqf* that used to give additional legal sanction and protection to women’s property ownership and control because *awqaf*, regulated by the Islamic law, were under the Islamic court authority. Women founded family *awqaf*<sup>17</sup> as a court-sanctioned trust, and exerted control on its income naming the self as the administrator (*nazira*). By creating a *waqf*, women were able to safeguard their property from predatory relatives, benefit from its income during their lifetimes,<sup>18</sup> ensure their right to manage it, and pass it on to their designated heirs (discussed in Hasan, 2007). In nineteenth century Tripoli, where daughters were almost always among the beneficiaries of family *awqaf*, 47 % of all new *awqaf* were founded by women<sup>19</sup> (Kuran, 2001: 860).

<sup>16</sup> [www.maj.gov.my](http://www.maj.gov.my), Last accessed on 26 May, 2013.

<sup>17</sup> The family *waqf* rules allow the founder to become the administrator, giving him/her control of the endowment (Fay, 1998: 2).

<sup>18</sup> This should not undermine the fact that women were also members of their society and used to create *awqaf* for reasons linked not only to their gender or class but also in response to the social and economic conditions of the time (Fay, 1998).

<sup>19</sup> Still another pecuniary motive for establishing a *waqf* was to circumvent the Islamic deceased estate inheritance law (Hasan, 2007; Kuran, 2001).

Women, of all walks of life, owned and endowed income-producing property, to influence major economic activities in urban as well as rural areas (Fay, 1998: 3). The *waqf* law allowed women reasonable control over financial matters affecting their own lives. Women's presence in administering endowed properties meant women were actively engaged in economic and financial matters in Muslim communities (Hoexter, 1998; also see Chap. 3).

### 7.3.1.6 Political

The most frequent beneficiaries of the *awqaf* have been the mosques. Nonetheless, as noted earlier, the provision of *awqaf* for religious education, through the mosques or attached to the mosques, historically helped Islamic scholars and students to maintain a degree of freedom by reducing their dependence on the provisions of the ruling class. This phenomenon allowed a good number of Muslim scholars to move into positions of community and popular leadership, and to act as outspoken representatives of the society in any confrontation with the state authority.<sup>20</sup>

*Waqf* financing of educational facilities usually covers libraries, books, salaries of teachers and other staff, and stipends for students. Financing had never been restricted to religious studies—especially at the early stage of Islam. In addition to ensuring freedom of education, this approach of financing helped creating a learned class which did not solely derive from the rich and ruling classes (Karim, 2013). Due to this independent source of financing, religious leaders and teachers have always been able to maintain a degree of freedom and take social and political positions independent of that of the ruling class. Majority of Muslim scholars traditionally used to hail from the poor and downtrodden segments of their respective societies and communities, and very often strongly opposed the policies of the concerned rulers (Karim, 2013). Even a cursory look into these historical practices and implications of *waqf* clearly points to the topicality and relevance of *waqf* for another important aspect of human security—*political security*.

The phenomenon, however, became a source of conflict among the religious scholars and between the religious authority and the state authority. *Waqf* revenues provided salaries for imams, *mudarris* and *mullahs*, and helped establish and operate primary and secondary schools (*maktabs* and *madrasas*), mosques, shrines, and Sufi convents reinforcing Islamic religious authority. *Awqaf*-supported education became a source of political force in early twentieth century Central Asia, South Asia, or Southeast Asia (see Chap. 6).

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<sup>20</sup> Upon the French occupation of Algeria in 1831, for example, the colonial authority took control of the *awqaf* properties in order to suppress religious leaders who fought against the occupation (discussed in Kahf, 2003 from Al Ajfan, 1985: 325).

## 7.4 *Waqf* and Human Security: The Challenges

The spirit of Muslim philanthropy for centuries has played a vital role in socio economic development and fulfilling some aspects of human security like food, shelter, health services, or education for the local communities. Muslim charitable foundations (*awqaf*) have been forerunner in delivering public service not offered by the governments. Owing to factors like changes in social and economic structures, misuse of private *awqaf*, misappropriation of *awqaf* properties, general mismanagement of the *awqaf*, and the establishment of independent national governments with fewer resources, the human security role of these age-old charitable institutions has declined.

In appreciation of the important role the institution of *waqf* could play in social and economic development, some Muslim majority countries, in the recent past, have undertaken programs to develop *awqaf* properties and revive their functions including their past social service roles. There have been new regulatory and policy frameworks, endeavors to survey and record the *awqaf* properties, as well as academic studies on the past and future of *awqaf*. Existing assets of *awqaf* in most MMCs represent considerable extent of wealth that can be used to deliver a wide range of services, especially in the context of increased capital value due to economic and demographic changes. There are, however, some challenges in the efforts.

Many MMCs have new regulatory systems but old administrative system. *Awqaf* administrative systems should match the new regulatory system, like in Turkey. The law should define the responsibilities and authorities of *awqaf* trustees and their relationships with the government on the one hand, and private and public beneficiaries of *awqaf* on the other. Such a legal instrument is necessary also to provide further legal protection from misappropriation of *waqf* properties.

There is also need for laws, like in Egypt, to repossess all *awqaf* properties diverted to other public and/or private use; and to review the historical records of *awqaf* in order to reestablish the right of *awqaf* on many lost real estates. For example, the 1990 Act of *Awqaf* in Algeria, stipulated that all *waqf* properties diverted to other usages must be returned to the *awqaf* and devoted to promoting charitable objectives assigned for them by the founder. There is also a need for undertaking a complete survey of *awqaf* properties, like in Bangladesh, and develop adequate legal instruments to obstruct their usurpation.

A formidable challenge is to provide technical, managerial, and investment support to the *waqf* management with the ultimate aim of increasing productivity of the *waqf* properties, and redefining the roles of the ministries of *awqaf* by making them agents of support and catalysts of development of *awqaf* rather than the managers of *waqf* properties. There is also a need for a master plan in each MMC to maximize the *awqaf*'s service impacts. In this regard sharing experiences and maintaining effective consultation and dialogue amongst the MMCs is also important.

There is now a growing argument that effective management of *awqaf* requires mutual support and collaboration among the immediate *awqaf* managers, the private sector, and the state (cf. Brown & Holloway, 2007). Such a concerted approach may compensate for the weakness of each of these actors acting single-handedly and



may pave the way for bringing in a degree of professionalism in achieving *awqaf*'s fundamental goals: piety and social justice.

The existing *waqf* laws likely to promote *awqaf* role in the service of all aspects of human security are undermined by low governmental will. The MMC governments need to sincerely implement the laws (beyond any political consideration) and offer facilitative functions to make *awqaf* efficient in offering human security services for all. Most importantly, there should be better consciousness raising programs for twin purposes of enhancing people's surveillance against misuse of *awqaf* estates, and increasing volunteering for the *awqaf* in the provision of important human security services.

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## Chapter 8

# Microfinance Institutions and Human Security in Muslim Majority Countries: Achievements and Challenges

Fatima Rasheed

The euphoria surrounding the microfinance movement of the last decade was not misguided; it successfully demonstrated that access to reliable financial services might help unleash the productivity of cash-starved entrepreneurs and raise their incomes above poverty lines. The pioneers of the movement envisioned a model of poverty reduction based on self-help rather than direct income redistribution. Today microfinance is one of the most valuable tools to alleviate poverty. An extensive body of field research indicates that access to microfinance services increases prospects of escaping poverty or, at the very least, ensures that vulnerable populations do not further plunge into economic depression.

Poverty, however, encompasses more dimensions than just low income; and poor people face a myriad of crises not limited only to income shocks. Microfinance, being exclusively concerned with the provision of financial services, is unlikely to make a significant contribution to global poverty alleviation unless integrated into a broader development strategy. This is not to suggest that increasing or diversifying incomes will not inspire any social changes; however, changes will be limited in degree and scope. Resisting the temptation to set a single strategy on a pedestal, microfinance must be constructed as a “significant resource in a repertoire of interventions that comprise a wider and more complex poverty eradication strategy based on social development ideas” (Midgley, 1995).

Microfinance, reaching a significant portion of the world’s poor, creates extensive reserves of social capital and constructs vast avenues for community engagement instrumental in the pursuit of the Millennium Development Goals. This chapter situates microfinance institutions (MFIs) in the human security paradigm in an effort to explore the transformative capacity of the movement to emerge as a significant source of social and economic change. It notes how complementing microfinance

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with nonfinancial services can address many persistent and myriad problems of poverty in today's world. The chapter focuses on interventions in work, health and food security, education, women empowerment, and shelter that have accompanied microfinance provision.

As with other chapters in this volume, the scope of the present analysis will be restricted to the 47 Muslim majority countries (MMCs) in Africa and Asia, where microfinance has expanded significantly in the last two decades but is also confronting its harshest critics. It highlights the need for and challenges to incorporating non-economic services in the microfinance movement to address the various manifestations of poverty in MMCs. The work is based on the data available in the Microfinance Market Exchange (MIX, 2013), and other studies on the subject. In the first section of the chapter, a regional overview of the microfinance movement in MMCs is provided. The second section explores the theoretical overlaps between microfinance and human security essentially through the MDG lens, while the third section brings forth examples of how the relationship between the two is translated into practice. The work at the end concludes that situating microfinance within the human security paradigm would alter the discourse on the industry to inspire broader goals and aims, create a series of best practices, include social indicators for impact evaluation and foster links and partnerships across different sectors and regions.

## **8.1 Microfinance in MMCs**

### ***8.1.1 Overview of Microfinance***

Microfinance refers to the range of financial services provided to low-income clients including not only credit but also savings, insurance, and fund transfer facilities. These financial instruments are denominated in small amounts and made available to individuals isolated from the formal financial sector. Underpinning the microfinance movement is the logic that poor households are “bankable” clients. While a diverse range of practices is employed throughout the microfinance movement, some frequent features include group lending (loans are made available to small groups that are formed voluntarily and all members are held responsible for loan repayment), progressive lending and dynamic incentives (loan size may increase with successful loan repayment), frequent and almost immediate loan repayment schedule, compulsory savings (a portion of the loan placed in a group fund with strict rules for withdrawal); and either no collateral is required or collateral substitutes are permitted (Dworkin & Blankenship, 2009).

Poor households, through microfinance, receive the opportunity to safeguard, diversify and increase their sources of income as well as for breaking the cycle of poverty. In this way, the poor are empowered to make their own choices and construct their way out of poverty in a sustained and self-determined manner (Littlefield, Murdoch, & Hashemi, 2003). Additionally access to financial services acts as a buffer against emergencies by smoothing out income fluctuations and maintaining

consumption patterns. Microfinance reduces the vulnerability of the poor to various crises that they are confronted with. Numerous studies note the significant impacts microfinance may have on the lives of the poor people (Cull, Asli, & Murdoch, 2009; Fisher & Sriram, 2002; Hishigsuren, 2007; Krauss & Walter, 2008; Littlefield, Murdoch, & Hashemi, 2003; Makina & Malobola, 2004; Mayoux, 1998; Rahman, 1999; Rhyne, 1998; Robinson, 2002; Sebstad & Cohen, 2000; Simanowitz & Walter, 2002; Woller & Woodworth, 2001).

### 8.1.2 *Microfinance in MMCs*

Since its emergence in the 1970s, microfinance has caught the imagination of policy makers and development practitioners as one of the strategies to alleviate global poverty. High repayment rates, increased involvement of women, innovative lending strategies and extensive networks reaching the world's poorest people has led the microfinance movement to spread globally. By 2010, over 1,395 microfinance institutions (MFIs) as well as nongovernment organizations (NGOs) with a strong microfinance component had reached 86.2 million individuals (Gonzalez, 2009), by 2012, almost 3,500 institutions were meeting the demands of 205 million clients (Maes & Reed, 2012).

Microfinance has been widely employed in MMCs. In the absence of an extensive overview of microfinance movements in MMCs, this chapter relies on the data from the Microfinance Market Exchange (MIX, 2013, see Table 8.1). However, it must be noted at the outset that not all microfinance organizations in MMCs would be reporting to the MIX market, and thus, the data may not offer a holistic and complete account of the MFIs in MMCs.

**Table 8.1** Muslim majority countries: profiles and MFIs

Country	MFIs	Poverty count (pop below poverty line)	HDI	Pop density (pop./km <sup>2</sup> )	GNI (PPP) USD 2013
Afghanistan	8	36	0.374	39	1,000
Bangladesh	81	31.5	0.515	1,034	1,785
Brunei		—	0.855	68	45,690
Indonesia	77	12.5	0.629	124	4,154
Malaysia		3.8	0.769	90	13,676
Maldives		16	0.688	1,055	7,478
Pakistan	41	22.3	0.515	230	2,566
Azerbaijan	30	11	0.734	107	8,153
Kazakhstan	46	8.2	0.754	6	10,451
Kyrgyzstan	46	33.7	0.622	28	10,451
Tajikistan	44	46.7	0.622	56	2,119
Turkmenistan		30	0.698	11	7,781

(continued)

**Table 8.1** (continued)

Country	MFIs	Poverty count (pop below poverty line)	HDI	Pop density (pop./km <sup>2</sup> )	GNI (PPP) USD 2013
Uzbekistan	34	26	0.654	67	3,201
Bahrain		–	0.796	1,631	19,154
Iran		18.7	0.742	47	10,695
Jordan	8	14.2	0.7	73	5,272
Kuwait		–	0.79	201	52,793
Lebanon	6	28	0.745	473	12,364
Oman		–	0.731	12	24,092
Qatar		–	0.834	170	87,478
Saudi Arabia		–	0.782	14	22,616
Syria	3	11.9	0.648	115	4,674
Turkey	2	16.9	0.722	98	13,710
United Arab Emirates		19.5	0.818	99	42,716
Yemen	9	45.2	0.458	54	1,820
Algeria		23	0.713	16	7,418
Egypt	16	20	0.662	84	5,401
Libya		–	0.769	4	13,765
Morocco	11	15	0.591	74	4,384
Sudan	2	46.5	0.414	17	1,848
Tunisia	1	3.8	0.712	66	8,103
Burkina Faso	17	46.7	0.343	58	1,202
Chad	3	80	0.34	9	1,258
Comoros		60	0.429	389	986
Djibouti		42	0.445	38	2,356
Eritrea		50	0.351	52	531
Gambia	2	48.4	0.439	173	1,731
Guinea Bissau	4	–	0.364	42	1,042
Guinea	8	47	0.355	44	941
Mali	22	36.1	0.344	12	853
Mauritania		40	0.467	3	2,174
Niger	12	63	0.304	14	701
Nigeria	77	70	0.471	188	2,102
Senegal	34	54	0.47	69	1,653
Sierra Leone	13	70.2	0.359	85	881
Somalia		–	0.284	15	–
Total	657				

Sources: Column 2: MIX (2013); Column 3: Index Mundi (2012); Columns 4 and 5: UNDP (2013); Column 6: UN DESA (2012)

The data illustrates that the inclination of the microfinance industry to credit is also existent in MMCs, where credit services outstrip savings MIX (2013). The MIX data also reveals that MFIs have much higher density in MMCs like Indonesia or Bangladesh, and highlights areas where the microfinance movement is yet to gain

momentum like Djibouti, Comoros, or Somalia. In general, countries in South Asia have twice as many MFIs as any other region, while the Middle East, North Africa, and Central Asia have relatively little microfinance, probably reflecting the fact that microfinance got a later start in those regions (Gonzalez & Rosenberg, 2006).

### **8.1.2.1 South and South East Asia**

It is no surprise that microfinance has an extensive presence in South and South East Asia, a region with high population densities, high levels of poverty and low to medium scores on the Human Development Index [HDI]. Bangladesh, being the birthplace of conventional microfinance through the universally acclaimed Grameen Bank, has the highest number of microfinance institutions reporting to the MIX. Following Bangladesh is Indonesia, where Bank Rakyat, one of the largest microfinance banks in the world, caters to majority of the country's population. Pakistan has an emerging microfinance movement with the sector amongst one of the fastest growing globally, with reporting an expansion of nearly 47 % during 2007 (Hussain, 2009) and considered to have one of the most enabling business environment for microfinance regionally and globally (Pakistan Microfinance Pakistan Microfinance Network, 2012). Information on Malaysia, Brunei and the Maldives does not indicate an extensive presence of MFIs MIX (2013).

### **8.1.2.2 Central Asia, North Africa, West Asia and Turkey**

Central Asian MMCs exhibit a strong microfinance movement in direct contrast to North Africa, West Asia and Turkey, where with the exception of Egypt, Morocco, Jordan, Lebanon, and Yemen, very few or no MFIs from the other 18 countries have reported to the (MIX 2013). Egypt remains the largest market in North Africa, though Morocco still retains a higher portfolio exhibiting much higher levels of outreach scale compared to the younger markets in Iraq, Sudan and Syria (Linthorst & Mélina, 2012). According to the CGAP, the markets in the Central Asia are young and still growing; Azerbaijan and Kyrgyzstan have the largest microfinance-dedicated non-bank sector and have shown evidence of market saturation, with sharply rising cross borrowing, challenges of widespread delinquency, and concerns over client over-indebtedness (CGAP, 2013).

### **8.1.2.3 East and Sub Saharan Africa**

With the exception of Nigeria, majority of East and Sub Saharan Africa does not have a strong microfinance presence (MIX, 2013) despite the fact that most countries in the region score low on the Human Development Index [HDI] and have high poverty counts. The region has the lowest share of banked households in the world (12 %) and the highest share of poor people, with 50 % of the population living on \$1.25 a day or less (CGAP and World Bank, 2010). In sub-Saharan Africa

and parts of North Africa, smaller size of many MFIs, market fragmentation and the high transaction costs of doing business in the region hamper investment in the microfinance industry. Even as regional conflicts have diminished, investors are still hesitant to invest in post-conflict countries such as Sudan. In other countries such as Chad and Niger, overall business environment remains unfavorable while issues with corruption, oil subsidies, and instability limit investments in Nigeria (Glisovic, Mesfin, & Moretto, 2012).

According to a 2010 study by PEW Research Center, Islam has 1.62 billion adherents, making up over 23 % of the world population. About two-thirds of the Muslims live in 47 Muslim majority countries (MMCs) in Africa and Asia. Currently, MMCs are among the poorest in the world as measured by gross domestic product (GDP).<sup>1</sup> However, such information can be misleading; while three of the ten countries with the world's lowest GDPs per capita are MMCs (Afghanistan, Niger, and Somalia), three of the ten nations with world's highest GDPs per capita are also MMCs (Qatar, Kuwait, and Brunei). Thus, it would be wrong to assume that MMCs represent a cultural, political, or economic homogenous block.

Microfinance may be able to contribute to the development in MMCs, but does not belong to a uniform category as the industry has evolved differently in each country: exhibiting diverse strengths and shortcomings, recording different breadth and depth of outreach, and displaying a varying ability for expansion and development. However, microfinance, in general, can play a pivotal role in promoting human welfare especially in those MMCs where a mature and extensive microfinance movement has emerged and/or where human development is lagging. This would require not only a reorientation of the microfinance narrative itself but also addressing the limits of microfinance that have caused strains within the movement.

### 8.1.3 *The Limits of Microfinance*

It is widely acknowledged that microfinance has helped create new (or strengthen existing) small businesses in low-income countries. The claim that microfinance had major impacts on poverty in the developing world, however, remains heavily contested. Contrary to the rhetoric of the industry, current studies on the effects of microfinance yield inconclusive results—some claim significant reduction in poverty levels while others conclude negligible effects. Moreover as microfinance institutions struggle to attain financial sustainability, they are often criticized for their tendency to focus on the “richer poor,”<sup>2</sup> using higher interest rates, employing high

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<sup>1</sup> Their median GDP per capita of \$4,000 is substantially lower than the median for more-developed countries (\$33,700) and just slightly higher than the median for less-developed countries where Muslims are in the minority (\$3,300).

<sup>2</sup> A growing body of research suggests that it is the marginally poor, rather than the poorest of the poor who benefit most from these programs (Chemin, 2008; Morduch, 1999; Navajas, Schreiner et al., 2000; Sengupta & Aubuchon, 2008).



handed loan recovery methods, perpetuating the client's cycle of debt and prioritizing their own commercial success over the well-being of their clients.

As these nonprofit institutions scale up, increasing their outreach and products, they became less and less able, or willing, to pursue social-development objectives that gave so many of them their initial *raison d'être* (Evans, 2010; Hishigsuren, 2007). One analyst has gone so far as to refer to "a battle for the soul of microfinance" (Harford, 2008). Some argue that to mourn the "loss of innocence" of the microfinance movement would be wrong; for becoming financially more sustainable, MFIs are able to reach a greater number of the world's poor. Penetration of market-based approaches in microfinance to allow it to scale is only a means to an end; commercialization is not an end in and of itself. Mere scaling up is not a sufficient poverty-reduction strategy; other services and supports designed for the poor within the context of developing economies are necessary to complement microfinance.

The solution to poverty does not lie in setting single remedies, like microfinance, on a pedestal but rather would require a mix of interventions that seek to address all dimensions of human well-being. Amidst the diverse analyses on efficacy, microfinance is unlikely to contribute to reducing poverty until it is integrated into a wider development strategy. Relying solely on microfinance is a temptation to ignore the structural and social changes that must transpire to ensure that the world's poor "flourish" not just "function" (Sen, 1998). As Muhammad (2006) notes that expanding financial services without addressing the cause of poverty may satisfy zero-sum-game Pareto optimality, but not alleviate poverty threatening human security.

The next section reviews the theoretical overlaps between microfinance and human security and the ways of translating these into practice to promote a more holistic policy for development, particularly in MMCs.

## 8.2 Microfinance and Human Security

In the past, the provision of credit and creation of new microenterprises remained the primary, if not exclusive, concern for majority of the world's MFIs. However, in recent times, more and more MFIs are incorporating nonfinancial programs in their strategy to run in tandem with their microfinance program. In some environments or for some socioeconomic groups access to microfinance may have no effect while in other regions and groups, it can make significant difference. MFIs are increasingly becoming cognizant of the nonfinancial constraints that prevent their target clientele from gaining maximum benefits from access to finance. The provision of nonfinancial services opens up space to transform the microfinance movement and address the concerns of those who question the utility of microfinance as a poverty alleviation tool. It reflects the recognition that poverty is a multidimensional phenomenon requiring multipronged efforts, with simultaneous action on multiple fronts (Ohri, 2004). Using a human security paradigm to reorient microfinance movements would put microfinance in proper perspective as a valid tool to alleviate poverty when incorporated into a wider set of development policies and programs designed specifically to address the problem of global poverty (Midgley, 2008).

At its root, human security is about protecting and empowering all people and guaranteeing basic necessities, freedoms and dignity (Goldsworthy, 2010). The UN Human Development Report (UNDP, 1994) defined human security as “freedom from fear” and “freedom from want” at the individual and community levels, and outlined its seven interdependent and equally significant aspects: economic, food, health, environmental, personal, community, and physical security. The concept of human security reflects the opening up of “development space” to accommodate a more holistic notion of human welfare. Its critics argue that the concept is far too vague to have any meaningful impact on policy. Human security, however, has been a rhetorically consequential concept; the Millennium Development Goals (MDGs) serve as an example of the policy tools that emerge from viewing global problems through the lens of human security (Goldsworthy, 2010). The MDGs reflect ambitious development targets not only encompassing monetary measures of poverty but also reflecting the myriad vulnerabilities and insecurities that confront the global poor setting benchmarks for the reduction of many forms of global poverty<sup>3</sup> by 2015.

Theoretical overlaps between the concepts of human security and microfinance, such as the emphasis on community development, encouraging interventions at the local level and advocacy for self-determination and self-reliance, have increasingly begun to emerge in practice as well. Given the increasing pursuit of nonfinancial objectives in addition to financial goals by many microfinance institutions, human security, as a theoretical paradigm, offers an opportunity to reassess and guide microfinance interventions. The MDGs set themselves as tangible goals that can be incorporated into the works of MFIs.

### 8.3 Microfinance and Nonfinancial Services

Microfinance reaches a significant portion of the world’s poor through a variety of self-financing delivery mechanisms and networks that possess the ability to also deliver nonfinancial services (Leatherman, Metcalfe, Geissler, & Dunford, 2012). A small but growing number of studies that integrate microfinance with other nonfinancial services support the claim that MFIs may have positive impacts beyond the direct financial benefit, such as women’s empowerment and decision making agency (Hashemi, Schuler, & Riley, 1996; Mayoux, 2003), education of children, (Holland & Wang, 2011; Khandker, 2005) nutritional status of children (Dunford & McNelly, 2002), and health outcomes, including use of contraceptives (Husain, 1998; Steele, Amin, & Naved, 1998) higher child-survival rates, reduced family violence (Kim, Watts, Hargreaves et al., 2007), and increased use of health services (Mohindra,

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<sup>3</sup> These goals are to (1) eradicate extreme poverty and hunger, (2) achieve universal primary education, (3) promote gender equality and empower women, (4) reduce child mortality, (5) improve maternal healthy, (6) combat HIV/AIDS, malaria, and other diseases, (7) ensure environmental stability, and (8) develop a global partnership for development.

2009). The next section presents an overview of how microfinance movements are combining nonfinancial interventions with microfinance to attain the MDGs relating to health and food security, education, women empowerment, and poverty alleviation.

### **8.3.1 *Microfinance and Livelihoods***

The hallmark of the microfinance movement has been its ability to diversify or increase incomes for the world's poor by creating self-employment opportunities for cash-starved entrepreneurs. Microfinance in general, and microcredit in particular, has been lauded for increasing people's livelihood by financing their enterprises. A considerable wealth of research exists to substantiate the links between microfinance and increased livelihoods (Mayoux, 1998; Rahman, 1999; Woller & Woodworth, 2001). Hulme and Mosley (1996) concluded that the incomes of households engaged in microenterprise activities increased more rapidly than those of control groups. In Indonesia borrowers increased their incomes by 12.9 % compared to that of 3 % in the control group. Another study on the Bank Rakyat Indonesia borrowers on the island of Lombok in Indonesia reports that average incomes of clients had increased by 112 and that 90 % of households had moved out of poverty (Panjaitan-Drioadisuryo & Cloud, 1999). A comprehensive study of microfinance conducted by the World Bank in the early 1990s on the three largest programs in Bangladesh—Grameen Bank, BRAC, and RD-12—revealed that increases in self-employment and subsequent withdrawals from informal labor pools led to a 21 % increase in wages in the program villages (Pitt & Khandker, 1996). Advocates of microfinance claim that by raising incomes of even a modest number of low-income families, the demand for goods and services increases, stimulating local production and other economic opportunities. Increased business activity may also create new employment opportunities, as successful businesses expand and require additional workers.

Credit, however, is not always the main constraint for microenterprises' growth and development because poor people require a wide range of financial, business development and social services for different business and household purposes. At the very least, microentrepreneurs often lack the knowledge and skills to make effective use of financial capital including that of obtaining, repaying, and utilizing loans for business development (Datar, Epstein, & Yuthas, 2009). In such a scheme, mere access to microfinance would be a far cry from being an effective poverty alleviation strategy. In no way does microfinance alone guarantee a pathway out of poverty; it does offer a vital platform for the poor to raise their prospects of escaping poverty. Keeping this in mind, many microfinance providers have combined their financial products with capacity building, skill enhancing, and vocational training, while some extend their support in overcoming marketing and distribution challenges faced by the clients. In Burkina Faso, through the Premiere Agence de Microfinance (PAMF) set up by the Aga Khan Microfinance Agency (AKAM), 3,000 villagers are provided with microfinance to supply an agro-processor set up

by the Aga Khan Foundation for Economic Development with raw cotton. The synergy between the two Aga Khan agencies reveals the need to develop industrial and market linkages for microfinance to be successful in contributing to uplifting the poor out of poverty (AKDN, 2012). Like AKAM, some microfinance providers are offering these services independently, while others are partnering and linking with relevant institutions to help the poor overcome market and technical constraint that limit their ability to benefit from improved financial access.

### 8.3.2 *Microfinance and Health*

By providing regular access to the poor, MFIs offer a unique opportunity of using their extensive network for the delivery of health-related services to those most in need (Leatherman & Dunford, 2010). Most microfinance delivery systems include branch locations in poor communities, enjoy stable client relations and undertake frequent home site visits. These channels could be employed effectively in the provision of health services. Additionally those MFIs using group-based delivery mechanisms where clients meet regularly for financial administration present a viable and efficient avenue for health education services (Ohri, 2004). Additional costs incurred by providing basic health education are not overwhelming for MFIs and does not undermine their efforts of achieving financial sustainability. According to der Bruegge, E, Dickey, and Dunford (1999), the marginal costs to provide education were estimated to be between 5 and 10 % for MFIs that had included administering health and nutrition education within their programs.

Moved by their dedication to a social mission as well as the business imperative to have healthy clients,<sup>4</sup> some MFIs have adopted a strategy of offering health-related programs, including one or more of the following: health-related education, provision of health care financing (such as health loans or savings accounts), training community health workers, health microinsurance, establishing linkages to public and private health providers to facilitate access to health care and, in some cases, directly delivering clinical care.

Multiple studies show that health and nutrition education alone, usually delivered during the routinely scheduled microfinance group meetings leads to behavioral change (der Bruegge et al., 1999; Dohn, Chávez, Dohn, Saturria, & Pimentel, 2004; Pronyk et al., 2006). These behaviors are associated with positive health outcomes in diverse areas that are critically important to achieving the MDGs, namely, maternal and child health, combatting HIV, malaria (De La Cruz, Crookston, Gray, Alder, & Dearden, 2009), and infectious disease (Leatherman & Dunford, 2010). Husain (1998) reported that members who had been with BRAC in Bangladesh the longest

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<sup>4</sup> Although default rates are famously low in microfinance, and there are many reasons for client default and dropout, the most cited reason for default is illness of a microfinance institution's (MFI) client or family member (Reinsch, Dunford, & Metcalfe, 2011) with poor identifying illness and death as the most frequent and devastating economic shocks (Sebstad & Cohen, 2000).

had significantly higher rates of contraceptive use. Barnes, Gaile, and Kibombo (2001) illustrates how microfinance channels employed to battle HIV in Uganda are meeting with success, similar trends have also been documented in other research studies (Dworkin & Blankenship, 2009; Pronyk et al., 2006). The use of microfinance structures and networks for addressing HIV issues could be beneficial for many countries, especially MMCs located in sub-Saharan Africa. For while the region has only 10 % of the world's total population it still accounts for 60 % of all people living with HIV/AIDS (Buss, 2005).

Health financing is far less common than providing health education primarily due to perceived higher costs associated with such a program. However, careful design and implementation of health-financing products can significantly reduce the risk for MFIs while simultaneously help the poor to cope with health costs. Réseau de Caisses Populaires du Burkina (RCPB), credit union federation in Burkina Faso, offers a voluntary health savings product. Clients, after saving for 6 months, are entitled to apply for a health loan at lowered annual interest rates than regular enterprise loans. The introduction of the health loan not only deterred channeling micro-enterprise loans or business assets to cover health costs but, as research indicated, better health care and practices, including greater confidence for maintaining health, for members when compared with nonmembers. For RCPB, cost analysis showed the annual net marginal cost to be only \$0.03 per member, furthermore Reinsch, Dunford, and Metcalfe (2010) demonstrated that if all members of RCPB got access to the health products, theoretically institutional profit margin would only fall by 2 % (from 28 to 26 %, as reported in MIX for 2008; Leatherman, Geissler, Gray, & Gash, 2013). Other organizations have dedicated health units that combine health financing with other health programs. The First Micro Finance Bank of Aga Khan Development Network (AKDN) in Pakistan offers health insurance for the poor in Karachi that includes hospitalization insurance, savings completion, and credit life, and counselors at the clinics are offering advice on microinsurance products (AKDN, 2013). At the same time, the Aga Khan Microfinance Agency in Pakistan, and elsewhere, combines its interventions with other affiliates of the AKDN, including Aga Khan Health Services, to undertaken a more comprehensive development program responding to financial and health needs, among others, of its clients.

An important dimension of health is food security. Food security encompasses different dimensions; access to food, utilization of food and coping mechanisms employed by households to manage changes over time in these factors. Access is mainly a function of income and price, and it is this area of food security that microfinance can have the largest direct impact by enhancing incomes. For majority of the world's poor, food security itself is not a binary issue; families are at different levels of vulnerability during different periods of the year, and even relatively food secure households demonstrate clear signs of vulnerability to food shortages at certain times (FINCA, 2011). Many poor households remain at a risk of transitory food insecurity, even if, on average, over several years, their incomes are sufficient to provide a sustainable standard of living. Thus, diversifying and increasing incomes is necessary, but not sufficient for ensuring household food security (Zeller, 1997).

Microcredit, if combined with, microsavings and microinsurance can contribute effectively to consumption stabilization, and food security.

Access to food is one dimension of food security; MFIs can also play a role in providing nutrition education, especially for children and pregnant mothers, inspire positive behavioral changes and improve the coping strategies of households. Two studies conducted by the Freedom from Hunger staff in Ghana and Bolivia of the Credit with Education program noticed that women participants of the program showed an increase in the propensity to breastfeed their children, delay introduction of supplementary foods into babies' diet till the "ideal age" and were also more likely to rehydrate the children who had diarrhea. As a result, a significant increase in the height-for-age and weight-for-age ratio was observed among the participant's children (MkNelly & Dunford, 1999). A similar trend was noticed in Bangladesh where children's health showed great improvement as measured by height and arm circumference. However, this trend was observable only in cases the beneficiaries were women in the household and not among the households where the beneficiaries were only male (Pitt, Khandker, Chowdhury, & Millimet, 2003).

### ***8.3.3 Microfinance and Education***

Studies have suggested that microfinance programs have a positive impact on school enrollment noting that clients of MFIs are more likely to send and/or keep their children in school (Casabonne, 2006; Chemin, 2008; Khandker, 2005; Sengupta & Aubuchon, 2008). In low-income households, child labor is demanded both for participation in income-generating activities and for taking care of younger siblings to allow productive members of the household to work. Given their labor-supply potential, there are high opportunity costs of keeping children in school for poor families. A priori one would gather that with microfinance diversifying and improving incomes and offering a buffer against income shortfalls, it reduces the opportunity cost of preventing children from attending school. The outcomes of studies linking microfinance and increased school enrollment have been contradictory; while some note a positive correlation, others report no effect. In some cases, even where microfinance has had a significant impact on schooling, it has been restricted to only young boys exposing widespread gender disparities in access to education (Khandker, 1998).

For the attainment of MDG on education, it will be insufficient to rely on improving incomes of poor households alone. Many studies (Grootaert & Patrinos, 1999; Jensen & Nielsen, 1997; Maldonado & Gonzalez-Vega, 2008; Wydick, 1999) have noted negative correlation between access to microfinance and education attainment of client's children, but not homogenous being subjected to a host of factors including the nature of enterprise, the educational attainment of parents, and the size of the family, amongst others. For this reason, many MFIs are abandoning a neutral stance on education and instead coupling microfinance with inspiring behavioral changes by highlighting the importance of education, rewarding clients who send their chil-

dren to school and offering means through which children can pursue higher education if they desire. The Egyptian Association for Community Initiative and Development (ECAID), an MFI working in Upper Egypt, realized that in more than half of the business of low-income women it was supporting, children were being employed. For this reason ECAID has offered a series of new loan products that assists working children while simultaneously institutionalizing a code of conduct for working children, introducing educational support programs and other interventions based on participatory and collaborative process with both working children and business owners (CIDA, 2007).

Grameen Bank in Bangladesh has incorporated school attendance as a pledge that every client makes (Yunus, 2006) and awards a Grameen Bank branch one star (out of its five-star rating system) if all its clients are in school or have completed at least primary school. This has ensured that all school-age children in Grameen Bank households receive at least 7 years of education (Holland & Wang, 2011). Akhuwat, in Pakistan, has incorporated the promotion of female education in its program with Akhuwat workers engaging with community and religious leaders, village elders, and men and women to highlight the need for educating young girls (Jawad, 2011). In some cases, where developments in the educational sector are lacking, MFIs are directly offering education through schools and learning centers. Association for Social Advancement (ASA) in Bangladesh, for example, has been operating 876 learning centers adjacent to the government primary schools and offering high-quality education to over 23,000 students (ASA, 2013).

### **8.3.4 *Microfinance and Shelter***

Lack of finance compels individuals or households to rent poor quality accommodation or to build informally and sometimes illegally. At the same time, low-quality shelter compounds the problems of poverty. In particular poor quality shelter is associated with significant health risks, a greater likelihood of morbidity and premature death. Moreover hazardous locations of many low-income neighborhoods increase the costs of securing livelihoods, complicating efforts to acquire sufficient incomes. Inadequate shelter serves as a major hurdle for poor households to acquire loans and initiate businesses. Illegal settlements make many poor households ineligible for microfinance, while the lack of adequate shelter prevents many from starting home-based small businesses. Even though shelter microfinance has only been discussed widely and seriously in the last few years, there has been widespread experimentation with financing low-cost housing value like land acquisition, incremental construction of houses, housing infrastructure, and technical assistance by microfinance providers and shelter agencies for over a decade.

Despite moral imperatives and long-term benefits, microfinance organizations are usually hesitant to invest in shelter for they run the risk of not only undermining their financial sustainability but also of putting their clients in extended debt cycles that are harder to repay. Some microfinance organizations, however, realizing that



the unavailability of shelter may constrain microfinance goals, are employing innovative and bold strategies to provide solutions for shelter for their clients. In Afghanistan, the Aga Khan Microfinance Agency through its First Microfinance Bank, is offering shelter microfinance products in rural and urban areas. This is complemented by the Construction Advisory Service, set up with the Aga Khan Planning and Building Services to help those provided with loans make long-lasting investments by providing them technical guidance on construction and upgrades that will contribute to improvements in health and safety (AKF, 2012).

A common practice evolving among microfinance organizations is to offer housing loans to the successful client entrepreneurs. One of the pioneers in microfinance operations, Grameen Bank in Bangladesh, has a long history of providing housing loans as rewards for those customers who have successfully completed the repayment of their micro enterprise loans. Housing loans, introduced in 1984, financed 691,322 houses till 2011. The portfolio for housing loans was 0.60 Million USD in 2011. Grameen Bank has attested to the fact that providing housing loans to its customers has strengthened the emotional bond between the two. This has favorable impacts on customer loyalty and helped the Grameen to establish a stronger and long-term bond with its clients (Grameen Bank, 2011).

Other microfinance organizations are offering their services through a combination of microloans and microsavings for poor households eligible for shelter finance. These shelters must be designed in a manner so the households can borrow but also increase their savings (Merrill, 2009). Households are usually required to save a certain portion of the total amount before they are able to apply for a housing loan. While this does diffuse the financial burden of the microfinance organization, as with other consumption loans it does not entirely reduce the vulnerability of the microfinance provider as well as its client. For this reason, many microfinance organizations are partnering with other development agencies to provide shelter for their clients. Partners may be involved in providing low cost housing and/or becoming responsible for a portion of the total cost.

The lack of return in monetary terms for shelter microfinancing is not to suggest that provision of these services does not have positive spillover effects. If a family is provided with housing and the safety of a shelter, their economic productivity as well as social and psychological well-being is bound to increase. The current issues in this sector are those of taking these practices to scale, perhaps more so than other non-economic issues raised in this chapter.

### ***8.3.5 Microfinance and Women Empowerment***

Microfinance has been applauded for its focus on empowering women with majority MFIs working with women from poor households. A growing body of evidence reports that providing women access to finance not only strengthens their bargaining position in the household but makes them more likely than men to spend resources in ways that benefit the entire household and promote family welfare



(Cheston & Kuhn, 2002; De Aghion & Morduch, 2004; Duflo, 2003; Grasmuck & Espinal, 2000; Khandker, 2005; Lundberg, Pollak, & Wales, 1997; Mayoux's, 2003; Pitt, Khandker, & Cartwright, 2006; Thomas, 1994, 1990; Thomas, Dante, & Elizabeth, 2002).

In Muslim Majority countries, special attention is being given to women to raise their standard of living through interventions that do not undermine their cultural and religious sentiments. Among the female microfinance beneficiaries of BRAC and Grameen Bank, each year's participation increased their empowerment by 16 %, and even those women who were not beneficiaries were twice as likely to be empowered simply because they were residing in Grameen Villages (Hashemi et al., 1996). Sandua, a local MFI in Syria, has ensured that women form the majority in decision-making within the assembly of members with the managing team also including women. It has been actively promoting its women borrowers to open enterprises that provide employment to local women (IFAD, 2013). In many areas, MFIs are directly challenging traditional gender allocation of work by encouraging women to come forth and undertake work in sectors that they were previously excluded from. In Kyrgyzstan, Aiyl Bank, has channeled 97 % of its group loans to women, financing livestock breeding—an activity that was traditionally dominated by men (Ngo, 2008).

The sole provision of finance is unlikely to drastically transform the status and perception of women in society. The scope for women to invest capital in activities is more often than not circumscribed by prevalent gender norms that delineate the division of labor and communities between men and women (Johnson, 2004; Kabeer, 2001; Mayoux, 1999; Ngo & Wahhaj, 2012). At the same time, microfinance will not have a homogenous impact across households. The extent to which women can benefit from access to credit will be a product of her skills, domestic relations and cultural norms. In the Gilgit-Baltistan region of Pakistan, the Aga Khan Rural Support Program (AKRSP) noted that while increasing incomes was important, it was not sufficient to lead to the empowerment of women because the restrictions on mobility of women entrepreneurs and prevailing gender stereotypes of women business owners were identified to be key inhibiting factors. After discussions with community members, AKRSP launched women-only markets run collectively by women entrepreneurs selling only to women. This would allow women to enter the market without compromising on their *Purdah*—a practice of veiling and segregation of genders. Evaluation of the project, including one conducted by the World Bank in 2010, revealed increased incomes, enhanced decision-making and confidence for those directly involved as well as positive spillover effects for the women in the wider community. It is important to note that men were not isolated from the project; they were part of initial community discussions, offered security to preserve the women-only rules of the market and eventually emerged as champions of these markets that they felt were more in tune with their local culture and customs (AKDN, 2014).

The move to focus primarily on women has been a bold undertaking and in that respect, MFIs are already challenging patriarchal norms and providing an avenue for women to gain financial independence and other freedoms that might entail.

Combining microfinance with skill trainings and education, social intermediation geared to address patriarchal norms and advocacy of women rights is likely to complement the thrust of microfinance to increase women empowerment. However, as the AKRSP example illustrates, it is important to ensure that such interventions are culturally sensitive, and respectful to the local traditions.

## 8.4 Discussion and Conclusion

In spite of the vast potential of microfinance to deliver non-economic services and lead interventions to address different dimensions of poverty, most MFIs have not fostered and harnessed it. This is a direct consequence of microfinance being situated in a narrative that focuses solely on enhancing and supporting incomes. Efforts at poverty alleviation cannot exist in isolation from issues of human security. Fixating on economic variables causes MFIs to ignore the issues of human security that undermine the ability of the poor to utilize microfinance to their full advantage. Some MFIs, as referred to in this work, have undertaken interventions in work, health, education, shelter, and women empowerment; nonetheless, they are the exceptions rather than the norm.

Many MFIs hesitate to venture into providing nonfinancial services, as it would incur greater costs that could undermine the MFIs' pursuit of financial sustainability. However, by sidelining, if not ignoring altogether, various challenges faced by their clients, MFIs will inevitably be putting their own sustainability at risk, let alone deviating from the grand rhetoric of poverty alleviation that marks the industry. Despite recognizing the glaring need to do so, the legitimate concern for financial sustainability has made MFIs very cautious about providing nonfinancial services. Even today, most MFIs are not financially sustainable and continue to rely on donations and grants or subsidized funds. This includes some of the biggest MFIs in MMCs, namely, Grameen Bank (Bangladesh), Bank Rakyat Indonesia, BRAC (Bangladesh), Al Amana (Morocco), Khushali Bank (Pakistan), and Alexandria Business Association (Egypt) (Udeaja, Aforka, & Business Intelligence, 2006).

One of the means of achieving financial sustainability in the industry has been to raise interest rates. Increasing criticism of high interest rates charged by MFIs to recover costs has further exacerbated the situation for MFIs in MMCs, where the issue of interest rates is often expressed in religious terms. Thus, MFIs in MMCs are presented with dual challenges: introducing and/or expanding nonfinancial services whilst achieving financial sustainability, and ensuring desired financial sustainability without increasing the interest rates further.

In addition to the imperative for MFIs in MMCs to operate as efficiently as possible to minimize dependence on external funding and to keep interest rates low, in some cases they lack the skills and expertise required to provide nonfinancial services. This is especially true for interventions, such as those relating to health and nutrition, which requires specialized knowledge. Independent experimentations can be costly, time-consuming, and sometimes ineffective in reaching the envi-

sioned goal. This not only puts the MFIs' financial portfolio at risk but may also undermine the reputation of the institution.

Fostering linkages with other development organizations and public sector service providers would be one of the means to provide microfinance and nonfinancial services through institutions with skills and expertise to guide the intervention, without bearing high costs. Many MFIs are also exploring avenues of cooperation with other public and private service provision agencies. As noted in this chapter, there have been many successful cases of MFIs providing nonfinancial services efficiently and effectively in partnership with other groups. However, increased momentum to create partnerships across sectors would require not only MFIs to reorient their own goals and aims but would necessitate that microfinance as a poverty alleviation tool itself is situated within a broader framework of development.

At the same time, microfinance providers must also seek innovative ways to reduce costs. Grameen Bank's "bicycle bankers," loan officers on bicycles, incorporating mobile banking, reaching their clients use group-lending, reducing transaction costs by utilizing local financial outlets like pharmacies and grocery stores, fostering and harnessing a spirit of volunteerism. These are means through which MFIs have sought to optimize cost and efficiency. Another innovative approach has been setting up all branch offices in local religious centers, like mosques, churches, and temples, by Akhuwat in Pakistan. The extensive network of mosques in Pakistan has allowed Akhuwat to expand rapidly without incurring high operation costs with added advantage of increased accountability, transparency, and awareness offered through the mosque (Harper, 2011). Leveraging the local mosque infrastructure for microfinance and other development interventions can be successfully undertaken in other MMCs where large networks of mosques exist.

The possible market for Islamic finance in MMCs also presents an opportunity for expansion for MFIs and increasing their products that are currently disproportionately focused on microcredit. Recent studies have estimated that 72 % of the population living in the Muslim world does not use conventional financial services. This reveals the potential market that Islamic finance may tap into. Moreover, a large percentage of these potential markets, ranging from 20 to 40 %, refrain from using microfinance to avoid interest. Despite the potential gains associated with microfinance, especially those relating to poverty alleviation, Islamic microfinance is provided by a small number of institutions covering less than 1 % of the total microfinance outreach (Rostom, 2013). The provision of products, beyond credit, that are compliant with the Sharia, the moral and religious law of Islam, could expand the outreach of microfinance providers in MMCs. It would also give microfinance providers the opportunity to transform their "product-centered" approach to a more "customer-centered" finance where instead of focusing on matching clients with their products, specifically microcredit, they would be able to tailor their products to the client's needs. Not only would this allow MFIs to reach economies of scale, but it would secure legitimacy in the eyes of their clients and open opportunities of linkages with local Islamic organizations and charities which offer development services beyond financial intermediation.

The quest for financial sustainability should not, however, dampen the prospects of utilizing resources that microfinance providers possess. The enormous reserves of social capital and extensive horizontal and vertical networks can be harnessed for more than just financial intermediation. Numerous examples, some quoted in this chapter, demonstrate that microfinance can be complemented with human capital formation without straining resources of the organization. These include health education, emphasis on child schooling, financial literacy and business management practices, nutrition programs, confidence building measures that may be implemented using microfinance networks including lending and saving groups, loan disbursement events and even through loan officers who, most often than not, enjoy the trust of the community. Realizing the potential of social capital could also pave the way for voluntary programs and community-led development initiatives further diffusing the financial imperative for microfinance providers.

Situating microfinance within the human security paradigm would alter the discourse on the industry inspiring microfinance providers to evaluate their work from a wider lens. A narrative that extends beyond financial services would inspire broader goals and aims, create a series of best practices, include social indicators for impact evaluation and foster linkages and partnerships across different sectors and regions. In turn, these could set the ground for a wide array of development programs that would mutually reinforce each other in order to achieve long-term improvements in the quality of life of individuals they serve.

This chapter is meant to initiate dialogue and research on the subject; there is room to explore further linkages between microfinance and provision of nonfinancial services and how these may be established in MMCs. Given the diversity of the microfinance industry across MMCs, young industries (e.g., the Gambia or Somalia) could benefit from the lessons in social change being undertaken by MFIs from more mature markets (e.g., Bangladesh or Indonesia). Institutions which are already venturing into providing more than just microfinance can set the tone for the evolution of microfinance by integrating it with a comprehensive development narrative. If the industry, in the Muslim world and elsewhere, relies solely on microfinance to alleviate poverty, it will certainly keep the industry alive but will do little to change the endemic poverty in most of the world.

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**Part V**  
**Human Security in MMCs:**  
**Situational Analyses**

# Chapter 9

## Water, Gender, Philanthropy, and Human Security: Courses and Concerns in MMCs

George Odhiambo

### 9.1 Introduction

Islam begun in Mecca and spread quickly to water-constrained areas of West Asia and Africa where pasture and water were accessible by wondering nomads and became private property of the stronger tribes. People in these areas travelling for better pasture or water needed and created self-supporting voluntary social re-enforcement because of the absence of strong or resource-rich (central) government. Muslims need access to water for ritual purity before five daily prayers (see Chap. 1). For hundreds of years Muslim endowments arranged and/or delivered water, and established and managed water fountains for urban centers. Women as, land owners and *waqf* creators, played significant roles in funding waterwheels, watering troughs, springs, public bath houses (see Chap. 7). It is also very common to have local infrastructure for water supply (e.g. sinking hand pumps for water), or sanitation facilities established and run by *sadaqa* (see Chap. 3). Thus water, women, and philanthropy seem to be tied together in Muslim communities. Now the question is what is the status of water security in Muslim majority countries (MMCs—the focus of this Volume)?

Water security is “the availability of, and access to water sufficient in quantity and quality to meet the health, livelihoods, ecosystem and production needs of populations, coupled with an acceptable level of water-related risk” (EU, 2013).<sup>1</sup> Thus “water security” is determined mainly by access to and the availability of adequate volume of water in the correct quality of all, irrespective of gender and economic status. This chapter discusses the features of water resources, general

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<sup>1</sup>European Report on Development, 2012. [http://www.erd-report.eu/erd/report\\_2012/documents/FullReportEN.pdf](http://www.erd-report.eu/erd/report_2012/documents/FullReportEN.pdf).

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challenges of improved water and sanitation in MMCs, and highlights the likely global impact of climate change, increasing pollution and population growth, on water security in MMCs.

This chapter deals with three important factors of water security (resources, quality, and use of water) in three main parts: water resources and security, improved water and sanitation, and the challenges beyond scarcity. The largest part, water resources, is divided along geographic regions and highlights main water resources issues as appropriate to different regions. The part on “improved water and sanitation” (Sect. 9.3) highlights the major aspects of access to and use of improved water and sanitation facilities in 47 MMCs. The next part (“Challenges to water security in MMCs,” Sect. 9.4) is divided into two main sections: “water economy and security threats” (nonconventional water sources and their impacts) (Sect. 9.4.1), and “water management” (waste water management (Sect. 9.4.1.1), groundwater contamination (Sect. 9.4.1.2), and salinization (Sect. 9.4.1.3)). The last main section (“Hygiene, Water, Gender, and the Third Sector”, Sect. 9.5) highlights the role of women and girls in water security—a major challenge of human security in many MMCs. The chapter analyses the importance of the third sector in improving human security by freeing women from water-chain in the affected MMCs. Improved water and sanitation, often with the help of the third sector, transform women and girls in MMCs from water-carrier to active and healthy citizens with education and employment ensuring higher security for all. Human security cannot be achieved without freeing women and girls from the “water-chains” which is only possible with the help of the third sector because the government services do not cover all areas, especially the remote areas in the low income countries.

The work is based on data collected from the World Bank and other international and specialized organizations, as appropriately cited. Other relevant secondary literature is also surveyed and cited to highlight the major points and issues.

## 9.2 Water Resources and Security

Water is the most vital element of natural resources crucial for survival of all living organisms. Human settlements have long been established because of access to water. Water is essential for agriculture, domestic purpose (including drinking, cooking, and hygiene), industrial use, tourism and culture, and sustaining the earth’s ecosystems. Nonetheless, this essential resource, due to growing national, regional, or seasonal scarcity in much of the world, is creating significant challenges to human security.

A key characteristic of the world’s freshwater resource is its uneven distribution and variability with respect to time and space (UNSD, 1997), dictated largely by climate, resulting in considerable variation in water availability within and among countries and regions (IWMI, 1998). In countries within the tropical and temperate regions, due to enough precipitation, abundant volume of water is available for each person annually; on the other hand, there is an acute shortage of water resources in

drier regions within the arid and semi-arid climatic conditions. In the latter group of countries average water availability is extremely scarce (Table 9.1), due to natural or financial reasons. Figures on national averages, however, hide significant temporal, regional, and national variation. As shown in Table 9.2, renewable water availability is even less than 100 m<sup>3</sup>/person/year in some MMCs, e.g. Kuwait. In arid regions, freshwater resources may at times be limited to the extent that demand for water can be met only by going beyond sustainable volume of water use (Rogers, 2000). In some countries the situation is further aggravated by a gender dimension—women and girls, requiring the most for personal hygiene use, and being responsible for procuring daily water needs, are disadvantaged in other fronts, i.e. education, health, or quality of life.

**Table 9.1** Availability of water resources in MMCs

Country	Average precipitation (km <sup>3</sup> /year)	Annual renewable water resources (km <sup>3</sup> /year)	Total renewable water resources per capita (m <sup>3</sup> /per/year)
Africa			
Algeria	211.5	11.6	473
Burkina Faso	204.9	17.5	1,084
Chad	413.2	43	5,453
Comoros	1.675	0.2	1,552
Djibouti	5.1	0.3	475
Egypt	51.4	58.3	859
Gabon	490.1	162	10,485
Guinea	405.9	226	21,563
Guinea-Bissau	57	31	25,855
Libya	98.5	0.6	113
Morocco	154.7	29	971
Niger	190.8	33.7	3,107
Nigeria	1,062.3	286.2	2,514
Senegal	134.9	36.8	2,960
Sierra Leone	181.2	150	26,118
Somalia	180.1	14.2	1,538
Sudan <sup>a</sup>	1,043.7	64.5	2,074
Southwest Asia			
Bahrain	0.1	0.1	181
Iran	372.4	137.5	1,955
Iraq	94.7	75.6	3,287
Jordan	9.9	0.9	179
Kuwait	2.2	0.02	10
Lebanon	6.9	4.5	1,261
Oman	26.6	1.4	388
Qatar	0.8	0.1	94

(continued)

**Table 9.1** (continued)

Country	Average precipitation (km <sup>3</sup> /year)	Annual renewable water resources (km <sup>3</sup> /year)	Total renewable water resources per capita (m <sup>3</sup> /per/year)
Saudi Arabia	126.8	2.4	118
Syria	46.7	16.8	1,622
Turkey	459.5	213.6	3,439
United Arab Emirates	6.5	0.2	58
Yemen	88.3	2.1	223
Central Asia			
Azerbaijan	38.71	32.52	3,681
Kazakhstan	680.4	109.6	6,778
Kyrgyzstan	106.5	46.5	4,182
Tajikistan	98.9	99.7	2,625
Turkmenistan	78.7	60.9	5,218
Uzbekistan	92.3	72.2	2,026
South & South East Asia			
Afghanistan	213.4	65	2,986
Bangladesh	383.8	1,210.6	8,809
Brunei Darussalam	15.7	8.5	25,915
Indonesia	5,146.5	2,838	13,381
Malaysia	948.2	580	26,105
Pakistan	393.3	233.8	1,576

Data source: FAO/AQUASTAT (2012)

<sup>a</sup>Data include both Sudan and South Sudan**Table 9.2** Water dependency ratios for selected countries in Southwest Asia and North Africa

Country	Water dependency ratio (%)
Kuwait	100
Egypt	97
Bahrain	97
Syria	80
Iraq	53
Jordan	23
Tunisia	9
Iran	7
Lebanon	0.8
Algeria	4
Qatar	4
Morocco	0
Djibouti	0
Oman	0
Yemen	0
Saudi Arabia	0
Libya	0
United Arab Emirates	0

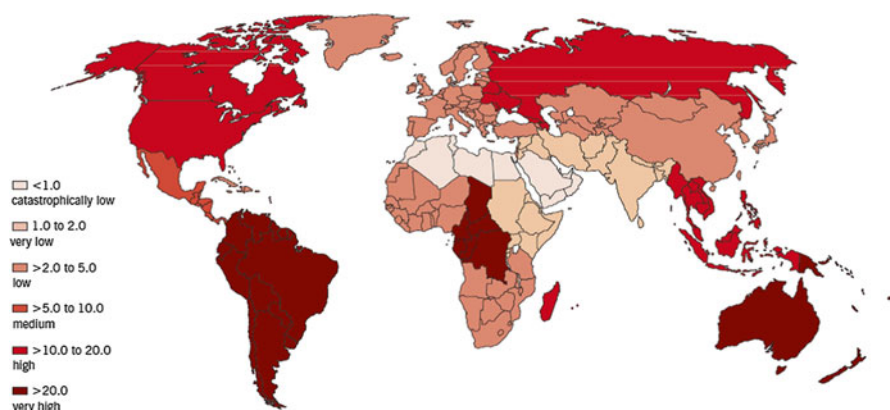
**Box 9.1: Water Security: Different Dimensions**

- Little or no water scarcity, i.e. abundant water resources relative to use, with less than 25 % of water from rivers withdrawn for human purposes.
- Physical water scarcity, i.e. a situation where there is not enough water to meet all demands, including that needed for ecosystems to function effectively. Arid regions frequently suffer from physical water scarcity. At this point, the indicator assumes that water resources development has exceeded the limit of the freshwater system to meet both socio-economic and environmental requirements. This definition (relating water availability to water demand) implies that dry areas are not necessarily water scarce.
- Economic water scarcity, i.e. a situation where human, institutional, and financial capital limit access to water even though local natural water is available to meet all the demands. In this case water resources are abundant relative to water use, with less than 25 % of water from rivers withdrawn for human purposes, but malnutrition exists.
- Water stressed, i.e. total renewable freshwater resources are between 1,000 m<sup>3</sup> and 1,700 m<sup>3</sup>/person annually (UN Water, 2012).

Water security can be considered from four different dimensions: little or no scarcity, physical water scarcity, economic water scarcity, and water stressed (FAO, 2003; UN Water, 2012; Box 9.1). “Water Scarce” nations have an average of less than 1,000 m<sup>3</sup> of renewable fresh water per person annually. Twelve out of the world’s 15 “water scarce” nations are Arab countries and located in the Southwest Asia and North Africa (Gleick, 2012). Southwest Asia is considered one of the driest and thirstiest areas in the world, and is to experience severe water scarcity by 2015 (FAO/AQUASTAT, 2012).

In addition to the impact on human health and food production, water scarcity leads to intense political pressure and instability. This is especially so in countries where the main sources of fresh water supply are transnational rivers or other surface water bodies as is the case in most Muslim Majority Countries (MMCs) in Southwest Asia, South Asia and West Africa. Water security is under severe pressure from many sources; a world population explosion, rapid shifts of people from rural to urban areas, the impact of dietary change as countries develop, increasing pollution of water resources, over-abstraction of groundwater and the issues created by climate change. Thus analyses of water resources and use both are important for human security.

MMCs encompass several regions with a range of climates generating a wide spatial variety of hydrological regimes. As a result, MMCs experience very uneven distribution in precipitation, water resources and water use (Fig. 9.1). A discussion of water resources (both surface and ground water) situation in each of the regions is presented below.



**Fig. 9.1** Water availability by sub-region (1,000 m<sup>3</sup>/capita/year) (source: [http://www.unep.org/geo/GEO3/english/pdfs/chapter2-5\\_Freshwater.pdf](http://www.unep.org/geo/GEO3/english/pdfs/chapter2-5_Freshwater.pdf))

### 9.2.1 South West Asia and Central Asia

Table 9.1 depicts water availability situation in the world. South Asia, Southeast Asia and Central Asia have much higher total renewable water resource per capita, while Southwest Asia and North Africa have lower total renewable water resources per capita. Climatic condition is partly responsible for the differences between the regions with Southwest Asia and North Africa located in the driest place experiencing the lowest annual precipitation. In Southwest Asia (one of the driest regions of the world) ready availability of fresh water has always been a major concern, except for the river basins. For example, ancient civilizations first emerged along the river basins, such as those of the Nile, Tigris-Euphrates and Jordan (FAO/AQUASTAT, 2012). Despite the contributions of rivers flowing in from more humid regions of Anatolia (e.g. the Euphrates River), Southwest Asia, especially the Arabian Peninsula, has the lowest absolute and per inhabitant water resources.

While Southwest Asia contains approximately 4.7 % of the world's total land area and 4.25 % of its population, the region's water resources are only about 1.1 % of the world's total renewable water resources, and less than 1,000 m<sup>3</sup>/inhabitant (in ten out of 18 MMCs) (FAO, 2003). Topography, distance from the sea, latitude and resulting hydro-climatic conditions, the diversity of the hydrographic networks and of the geological structures, and trans-boundary rivers create extremely contrasting water situations in the region (Table 9.1).

The Gulf countries have particularly high scarcity of water, and are dependent mainly on groundwater, desalination and treated wastewater (FAO, 2003). Many groundwater aquifers within the Gulf countries, with no recharging capacity, are being mined in an unplanned manner because of poor regulatory system (FAO, 2008). Bahrain has virtually no freshwater (Riviere, 1989), while three-quarters of Saudi Arabia's freshwater comes from fossil groundwater (Postel, 1997).



These countries, except Yemen, use desalination plants to augment water supply either on a national or local scale.

Central Asia is reasonably endowed with water—3,320.5 m<sup>3</sup>/inhabitant/year, but the climate and water resources across the MMCs vary (Table 9.1). These MMCs have reasonable reserve of fresh water, but annual availability of fresh water ranges from 78.7 km<sup>3</sup>/year (in Turkmenistan) and 680.4 km<sup>3</sup> in Kazakhstan (Table 9.1). Countries in the region have done better in trans boundary water sharing. The figures for “external resources” (Table 9.1) correspond to either actual inflow affected by upstream consumption or to inflow secured through treaties. Therefore, the actual inflow may often be higher than the inflow secured through treaties (e.g. Uzbekistan).

## 9.2.2 South Asia and Southeast Asia

South Asia and Southeast Asia lie within the tropics, where rainfall is abundant for most of the year. South Asia is endowed with considerable water resources, with annual rainfall of over 4,000 km<sup>3</sup> and river flow of about 1,880 km<sup>3</sup> combined with estimated groundwater resources around 431 km<sup>3</sup> (UN Water, 2012, 2013a, 2013b, 2013c). Due to increasing population over the last 50 years, the per capita availability came down from a high of around 3,000 L/day to about 1,000 L/day in 2002. The region has large spatial and temporal variation in the distribution of water resources, thus has a practice of groundwater use for agriculture. Bangladesh and Pakistan use over 300 km<sup>3</sup> of groundwater annually. This is a large fraction of the world’s total annual groundwater use, but the latter use is mostly for urban and industrial purpose.

Every country within South Asia is already facing increasing stress and resource depletion due to environmental factors, and a primary challenge is water scarcity. Population growth, urbanization, industrialization, and increased reliance on irrigated agriculture have steadily increased regional demand for water. Meanwhile, climate experts predict that global warming will eventually reduce the supply of water in the major river systems serving South Asia (IPCC, 2007). Pakistan is already in the category of “water-stressed societies” while Bangladesh is likely to fall in the category in the near future (Subramanian, 2004). The combination of these two trends—increasing demand plus decreasing supply and access—is likely to exacerbate disputes over regional water resources.

Located along the equator, Indonesia is surrounded by warm waters that create relatively stable year-round temperatures. Monsoons drive seasonal variations. The dry season may become more arid, leading to an increase in water demand, while the rainy season may condense higher precipitation levels into shorter periods, increasing the possibility of heavy flooding while decreasing the ability to capture and store water.

In Malaysia, recent economic development has relied on a growing industrial sector, expanded irrigated agriculture, and increased urban population. This multi-dimensional growth is now placing a great deal of stress on water supplies.

With approximately 22,000 m<sup>3</sup> of water available to each person annually, Malaysia is not considered water stressed. However, pollution from industrial, agricultural, and domestic sources is a major source of concern. Rapid population growth has contributed to the increasing volume of domestic sewage discharged into the rivers and drainage systems (FAO/AQUASTAT, 2012). There also have been incidences of increased waste streams, especially in Indonesia, due to growing industrial, domestic, and agriculture sectors.

In Brunei groundwater abstraction was initially undertaken in the 1950s for use by the oil and gas industries. However, this has been replaced by surface water resources. Groundwater abstraction, which accounts for 0.5 % of total water supply, is currently limited to the local bottled water industry.

### **9.2.3 West Africa**

Climatic condition in the region ranges from semi-arid and dry humid in the north to tropical wet in the south. As a result West Africa experiences very contrasting levels of rainfall. For example, total annual renewable water resources in Nigeria are estimated to be 286.2 km<sup>3</sup> (Table 9.1). Western Africa's water resources are characterized by extreme variability over both space and time. Some MMCs such as Burkina Faso and Nigeria currently experience water stress that is expected to rise further. The sub-region has six major internationally shared river basins. The three largest basins are those of the Niger, Volta, and Senegal rivers.

These freshwater resources are unevenly distributed among these countries. Temporal variation in rainfall is common, but countries in the northern Sahelian zone regularly experience drought, while floods periodically affect countries in the wetter coastal belt. Groundwater mainly occurs in basement, coastal and Sahelian sedimentary aquifers. The availability of groundwater varies considerably from one type of hydrogeological domain to another, depending on the local levels of precipitation and infiltration, which determine the actual recharge. In Mauritania, for example, internal renewable groundwater resources, important for domestic use, irrigation and livestock watering, are estimated at 0.3 km<sup>3</sup>/year. Water is highly vulnerable to climate variability, as illustrated by the disastrous impact of drought over the past 30 years.

Most MMCs in the region are highly water-interdependent with many trans-boundary river networks. The Gambia for instance, is located entirely within the Gambia River Basin, which is shared between Senegal (77.5 % of the basin area), the Gambia (13 %), Guinea (9 %), and Guinea-Bissau (0.5 %) (FAO, 2003). Water may lead to cross-boundary conflicts if not managed equitably.

### **9.2.4 Northern Africa**

The northern Africa sub-region is dominated by arid conditions and extensive deserts, with the exception of parts of southern Sudan and an intermittent narrow strip along the Mediterranean shoreline, where the climate is more humid. This sub-region

extends from the Mediterranean climate zone to the desert. It has two rainy seasons in autumn and spring, with a clear, dry summer season. There are major differences within the sub-region between the Maghreb (Algeria, Libyan, Morocco, and Tunisia) and Egypt (FAO, 2003). The Maghreb has climates varying from north to south, a divided and dispersed hydrography (only Morocco has some average-sized rivers), and an important endorheic zone (especially in the Sahara). Egypt has an arid climate and a simplified hydrography with only one river, the Nile River flowing from the highlands of Ethiopia. The major issue of concern is, therefore, freshwater availability for domestic, agricultural and industrial consumption (UN Water, 2013a, 2013b, 2013c). The region has scarce resources but very few trans-boundary exchanges, and thus risks for conflicts over sharing of water among nations.

The average total annual precipitation in northern Africa is estimated to be 1,503 km<sup>3</sup>/year (FAO, 1995), and per capita water availability ranges from 26 m<sup>3</sup>/year in Egypt to 1,058 m<sup>3</sup>/year in Morocco (UNDP, 2000). Distribution of the precipitation varies dramatically, with almost 75 % falling in Sudan (the average is 436 mm/year, but it ranges from 20 mm/year in the north to more than 1,600 mm/year in the south) and just 3 % in Egypt (about 18 mm/year) (FAO, 1995). The rest is mainly lost by evaporation, transpiration, and seepage.

Renewable groundwater resources are in the form of shallow alluvial aquifers, recharged from the main rivers (for example, the alluvial aquifer beneath the Nile delta in Egypt) or from precipitation (along the North African Mediterranean coast). In the Sahara desert, the major water resources, the Continental Intercalaire non-renewable aquifer, extends from Egypt to Mauritania. Current annual rates of groundwater withdrawal in the sub-region are 407 % of the recharge rate in Egypt, and 560 % in Libya (UNDP, 2000). Exploitation of groundwater resources over the past 10 years has led to a reduction in water pressure levels at the oasis of the western desert. Over-extraction from the delta shallow aquifer has led to increased water salinization and a rapid inland advance of the saltwater interface.

### ***9.2.5 Sudano-Sahelian and East Africa Sub-regions***

The sub-region is marked by a climate zoning from arid in the north to tropical in the south. The hydrographic system is not dense but structured around major trans-boundary river basins such as the Nile and the Niger, flowing across the sub-regions. The drier countries in the Horn of Africa (Ethiopia, Eritrea, and Somalia) frequently experience drought, and have been devastated by drought-induced famine on several occasions over the past 30 years (UN Water, 2012). Annual freshwater withdrawal, in this area, is small compared to the similarly drier northern African region (UNDP, 2000). However, variability in rainfall results in frequent bouts of water scarcity and, during these times, demand exceeds supply. Further, with rapid population growth in the region, demand for freshwater is already a problem. Due to decreased rainfall, drought and desertification is likely to be more widespread in the Horn of Africa (IPCC, 2007), and thus mining of the groundwater aquifers is to increase. Wetlands are also being used to obtain water for humans and livestock, and as

additional cultivation and grazing land. These activities are altering hydrological cycles, leaving the surrounding area more prone to flooding.

Agriculture, industry and increasing population density is creating pressure in limited water resources, and causing river pollution and health risks for people living close to the rivers in many MMCs. Much of the pollution results from inadequate treatment of municipal and industrial wastewater. The extensive algal blooms and mats of water hyacinth are also major concerns. Water hyacinths release toxins, cause discoloration, and reduce dissolved oxygen levels harming the water quality increasing the costs of water treatment. These man-made problems must, and are very easy to, be solved. The situation is further discussed in the next section.

### 9.3 Improved Water and Sanitation

Access to clean water for domestic use (drinking, cooking, and personal hygiene) as well as access to adequate sanitation is essential in maintaining human health. The importance of water and sanitation is articulated in the Millennium Development Goals (MDGs); specifically in the MDG-7 target of reducing by one-half the proportions of people without sustainable access to safe drinking water and to basic sanitation (as measured by the access to improved water sources and access to improved sanitation)<sup>2</sup> (WHO/UNESCO, 2004; UN, 2012). Globally, an estimated 876 million people lack reliable access to improved water sources and 2.63 billion do not have access to improved sanitation facilities.

Water quality may be a problem for varied reasons in different regions compounded by economic conditions. In the low income countries the problem is mainly due to poor sanitation, contamination of both surface and underground water by pesticide residues and nutrients from farms and dumping of untreated and/or partially treated domestic water. In the high income industrialized countries the issue is mainly a result of poor disposal of industrial waste water. In drier areas contamination of ground water by saline water seepage from the salty sea water is more common. All of these factors worsen water security in MMCs.

In Africa, rising levels of pollution of surface and groundwater resources compounds inadequate access to freshwater. The primary sources of pollution are sewage and industrial effluents. Agricultural run-off is an additional burden, through contamination with chemical residues and silt, and increased nutrient levels which causes eutrophication in water bodies. In MMCs in West Africa, this phenomenon commonly occurs in the coastal areas, where most industries and commercial agricultural plantations are located (UNEP, 2002; UNESCO, 2009). The health impacts

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<sup>2</sup>Improved water sources, according to the WHO Global Health Observatory (WHO/GHO), include household water-supply connections, public standpipes, boreholes, protected dug wells, protected springs, and rainwater collection. Improved sanitation facilities include connections to public sewers or septic systems, pour-flush latrines, simple pit latrines or ventilated, improved pit latrines-but not public or open latrines (WHO/UNESCO, 2004; WHO, 2006).

of wastewater pollution on coastal waters have an economic cost of US\$12 billion/year (Shuval, 2003).

MMCs in Southeast Asia face poor water quality resulting from environmental degradation and pollution. There also have been incidences of increased waste streams, especially in Indonesia, due to growing industrial, domestic, and agriculture sectors. Recent studies indicate that at least 80 % people in Indonesia have no access to piped water (Acharya et al., 2008). Due to limited access to clean water, a large number of people especially in the rural areas still use untreated water drawn from rivers for drinking, bathing, and washing (Table 9.3). The country, particularly its urban slums, sorely lacks wastewater treatment facilities, and basic sanitation infrastructure necessary to prevent human excrement from contaminating water supplies. Survey results show that about 56.15 % households dispose their domestic waste directly to the rivers (Acharya et al., 2008; Resosudarmo, 2003) and six major rivers in West Java do not meet requirement for drinking water quality.

**Table 9.3** Indicators on drinking water supply in MMCs

		Drinking water					
		Urban			Rural		
		Improved		Unimproved	Improved		Unimproved
Country	Year	Total improved (%)	Piped on premises (%)	Surface water (%)	Total improved (%)	Piped on premises (%)	Surface water (%)
South & South East Asia							
Afghanistan	2000	36	10	10	18	0	39
	2010	78	16	5	42	0	11
Bangladesh	2000	86	23	0	77	0	3
	2010	85	20	0	80	1	2
Bruneia	2000						
	2010						
Indonesia	2000	91	31	1	68	5	6
	2010	92	36	0	74	8	4
Malaysia	2000	99	95	0	93	80	2
	2010	100	99	0	99		
Maldives	2000	100	67	0	93	0	
	2010	100	96	0	97	1	
Pakistan	2000	96	57	0	85	15	8
	2010	96	58	0	89	23	5
South West Asia							
Bahrain	2000	100	100	0			
	2010	100	100	0			
Iran	2000	98	96	0	85	76	2
	2010	97	96	0	92	88	0

(continued)

**Table 9.3** (continued)

		Drinking water					
		Urban			Rural		
		Improved		Unimproved	Improved		Unimproved
Country	Year	Total improved (%)	Piped on premises (%)	Surface water (%)	Total improved (%)	Piped on premises (%)	Surface water (%)
Iraq	2000	95	92	2	49	37	35
	2010	91	89	2	56	50	17
Jordan	2000	98	96		91	83	
	2010	98	93		92	79	
Kuwait	2000	99			99		
	2010	99			99		
Lebanon	2000	100	100	0	100	85	0
	2010	100	100	0	100		0
Oman	2000	87	49	4	74	15	10
	2010	93	82		78	31	
Qatar	2000	100		0	100		0
	2010	100		0	100		0
Saudi Arabia	2000	97	97				
	2010	97	97				
Turkey	2000	97	95	0	85	73	1
	2010	100	99	0	99	97	0
United Arab Emirates	2000	100	80	0	100	70	0
	2010	100		0	100		0
Yemen	2000	83	77	1	52	20	7
	2010	72	71	1	47	26	6
Central Asia							
Azerbaijan	2000	88	72	1	59	18	17
	2010	88	78	2	71	20	16
Kazakhstan	2000	99	87	0	91	26	3
	2010	99	82	0	90	24	3
Kyrgyzstan	2000	98	82	1	73	30	23
	2010	99	89	0	85	34	11
Tajikistan	2000	93	77	4	50	18	36
	2010	92	83	6	54	25	44
Turkmenistan	2000	97	81	1	72	29	20
	2010	97					
Uzbekistan	2000	98	86	1	83	32	6
	2010	98	85	1	81	26	5
Africa							
Algeria	2000	93	84	0	84	52	1
	2010	85	80		79	56	
Burkina Faso	2000	85	17	0	55	0	7
	2010	95	23	0	73	0	5

(continued)

**Table 9.3** (continued)

		Drinking water					
		Urban			Rural		
		Improved		Unimproved	Improved		Unimproved
Country	Year	Total improved (%)	Piped on premises (%)	Surface water (%)	Total improved (%)	Piped on premises (%)	Surface water (%)
Chad	2000	60	15	2	41	0	10
	2010	70	23	0	44	1	5
Comoros	2000	93	45	1	92	17	3
	2010	91	53	0	97	21	0
Djibouti	2000	88	73	0	63	11	5
	2010	99	79	0	54	1	5
Egypt	2000	98	95	0	95	66	1
	2010	100	100	0	99	93	0
Gambia	2000	90	40	0	77	3	0
	2010	92	51	0	85	5	0
Guinea	2000	88	25	3	52	0	33
	2010	90	29	0	65	1	14
Guinea-Bissau	2000	68	13	0	43	0	4
	2010	91	11	1	53	0	3
Libya	2000	54			55		
	2010						
Mali	2000	70	26	1	36	1	7
	2010	87	35	0	51	1	3
Mauritania	2000	45	26	1	37	8	7
	2010	52	35	0	48	14	6
	2010	100	100	0	99	99	
Morocco	2000	96	82	0	58	12	15
	2010	98	89	0	61	19	23
Niger	2000	78	30	0	35	1	3
	2010	100	39	0	39	2	3
Nigeria	2000	77	20	4	36	2	31
	2010	74	8	5	43	1	22
Somalia	2000	35	12	6	15	0	29
	2010	66	53	4	7	0	41
Sudan	2000	76	62	3	55	16	12
	2010	67	47	2	52	12	13
Tunisia	2000	98	92	0	77	33	2
	2010	99					

Data source: WHO/UNICEF (2013) Joint Monitoring Programme (JMP) for Water Supply and Sanitation  
<http://www.wssinfo.org/>

\*Missing data

Population growth and development are worsening water quality in other MMCs. For example, the Niger River's ability to supply water for people of West Africa is decreasing. Degradation of water quality inland also creates problems for domestic, industrial, and agricultural users. In Senegal for example, 7,000 households are dependent on a groundwater source that was recently found to have nitrate concentration well above the WHO's guideline of 50 mg/L. Two sources of contamination were identified, namely: shallow nearby latrines; and waste organic matter carried in the groundwater (Tandia et al., 1999). These varied sources of low access to or quality of water require different solutions.

The climate is changing at an alarming rate causing temperature rise, shifting patterns of precipitation, and more extreme events (IPCC, 2007). Climate change will affect all facets of society and the environment, directly and indirectly, with strong implications for water and agriculture now and in the future. Water storage and control investments will be important rural development strategies to respond to climate change. The policies and laws set up to reduce greenhouse gas emissions or to adjust to a changing climate also need to be taken into account.

### 9.3.1 Sanitation

Most people in sub-Saharan Africa and Asia lack sanitation facilities (WHO/UNICEF, 2004); many MMCs in these regions have similar condition. As Table 9.2 shows, there was only minimal improvement in sanitation in most MMCs in Africa, South Asia (with the exception of Maldives in South Asia and oil-rich North African countries such as Libya, Algeria and Tunisia) and Central Asia. Similar to the case of improved water supply, majority of those in rural areas within these countries are worse off in terms of access to sanitation facilities in comparison to their counterparts in urban areas.

In Indonesia, over 30 % people are without improved sanitation (Table 9.4), and cases of open defecation worsen the sanitation and increases surface water pollution. Open defecation, most widespread in rural areas of the poorer countries, worsens the problem of poor sanitation in these countries. This is particularly so in the rural areas as well as in unplanned settlements in the urban areas. The problem is more prevalent in MMCs within Sub-Saharan Africa and parts of South Asia (Table 9.4). The situation has been improved in the recent past in MMCs, especially in South and Southeast Asia through interventions by community-based organizations or voluntary organizations to fill the service gaps (Lim et al., 2013; Sansom, 2014; also see Chaps. 6 and 7).

In the MENA region, about 75 % of the population has access to improved sanitation. Nonetheless, the variation among different countries and between urban and rural areas is very wide. For example, the oil-rich Arabian Peninsula countries such as Kuwait, Qatar, and the UAE have close to universal coverage of sanitation; Syria has 77 % coverage; while in Yemen only some 30 % people have access to basic sanitation (WHO/UNICEF, 2004). In most countries people living in urban areas



**Table 9.4** Indicators on sanitation facilities in MMCs

Country	Year	Sanitation facilities					
		Urban			Rural		
		Improved	Unimproved	Open defecation	Improved	Unimproved	Open defecation
		Total improved (%)	Total unimproved (%)	Open defecation (%)	Total improved (%)	Total unimproved (%)	Open defecation (%)
South & South East Asia							
Afghanistan	2000	46	54	11	28	72	33
	2010	60	40	2	30	70	22
Bangladesh	2000	58	42	5	43	57	24
	2010	57	43	2	55	45	5
Brunei	2000						
	2010						
Indonesia	2000	64	36	16	30	70	42
	2010	73	27	14	39	61	36
Malaysia	2000	94	6	1	90	10	4
	2010	96	4	0	95	5	
Maldives	2000	98	2	0	72	28	19
	2010	98	2	0	97	3	0
Pakistan	2000	72	28	6	20	80	53
	2010	72	28	4	34	66	34
Southwest Asia							
Bahrain	2000	100	0	0			
	2010	100	0	0			
Iran	2000	92	8	0	86	14	1
	2010	100	0	0	100	0	0
Iraq	2000	76	24	0	54	46	17
	2010	76	24	0	67	33	4
Jordan	2000	98	2	0	96	4	2
	2010	98	2	0	98	2	0
Kuwait	2000	100	0	0	100	0	0
	2010	100	0	0	100	0	0
Lebanon	2000	100	0	0	87	13	
	2010	100	0	0			
Oman	2000	98	2	2	71	29	29
	2010	100	0	0	95	5	
Qatar	2000	100	0	0	100	0	0
	2010	100	0	0	100	0	0
Saudi Arabia	2000	100	0	0			
	2010	100	0	0			
Turkey	2000	96	4	0	71	29	3
	2010	97	3	0	75	25	1

(continued)

**Table 9.4** (continued)

		Sanitation facilities					
		Urban			Rural		
		Improved	Unimproved		Improved	Unimproved	
Country	Year	Total improved (%)	Total unimproved (%)	Open defecation (%)	Total improved (%)	Total unimproved (%)	Open defecation (%)
United Arab Emirates	2000	98	2	0	95	5	0
	2010	98	2	0	95	5	0
Yemen	2000	82	18	4	24	76	42
	2010	93	7	2	34	66	31
Central Asia							
Azerbaijan	2000	73	27	0	50	50	0
	2010	86	14	0	78	22	1
Kazakhstan	2000	97	3	0	97	3	1
	2010	97	3	0	98	2	0
Kyrgyzstan	2000	94	6	0	93	7	0
	2010	94	6	0	93	7	0
Tajikistan	2000	93	7	1	89	11	2
	2010	95	5	0	94	6	0
Turkmenistan	2000	99	1	0	97	3	1
	2010	99	1		97	3	
Uzbekistan	2000	97	3	0	87	13	0
	2010	100	0	0	100	0	0
Africa							
Algeria	2000	99	1	1	82	18	14
	2010	98	2	1	88	12	10
Burkina Faso	2000	46	54	10	4	96	83
	2010	50	50	9	6	94	76
Chad	2000	26	74	20	5	95	87
	2010	30	70	15	6	94	80
Comoros	2000	42	58	0	23	77	1
	2010	50	50	1	30	70	1
Djibouti	2000	69	31	6	30	70	53
	2010	63	37	0	10	90	61
Eritrea	2000	54	46		2	98	97
	2010				4	96	
Egypt	2000	95	5	1	79	21	7
	2010	97	3	0	93	7	0
Gambia	2000	67	33	1	60	40	
	2010	70	30	0	65	35	
Guinea	2000	26	74	3	9	91	42
	2010	32	68	1	11	89	30
Guinea-Bissau	2000	36	64	4	5	95	53
	2010	44	56	2	9	91	43

(continued)

**Table 9.4** (continued)

Country	Year	Sanitation facilities					
		Urban			Rural		
		Improved	Unimproved		Improved	Unimproved	
		Total improved (%)	Total unimproved (%)	Open defecation (%)	Total improved (%)	Total unimproved (%)	Open defecation (%)
Libya	2000	97	3		96	4	
	2010	97	3		96	4	
Mali	2000	34	66	4	12	88	28
	2010	35	65	4	14	86	20
Mauritania	2000	38	62	20	9	91	68
	2010	51	49	15	9	91	81
	2010	91	9	0	88	12	0
Morocco	2000	82	18	2	43	57	50
	2010	83	17	0	52	48	38
Niger	2000	27	73	22	3	97	93
	2010	34	66	20	4	96	91
Nigeria	2000	37	63	10	32	68	32
	2010	35	65	12	27	73	31
Somalia	2000	45	55	13	10	90	72
	2010	52	48	3	6	94	83
Sudan	2000	48	52	15	16	84	54
	2010	44	56	20	14	86	59
Tunisia	2000	95	5	1	57	43	29
	2010	96	4				

*Data source:* WHO/UNICEF (2013) Joint Monitoring Programme (JMP) for Water Supply and Sanitation <http://www.wssinfo.org/>

have better access to improved sanitation than those in rural areas (Table 9.4). Another trend in cities like Cairo is that the urban newcomers often end up in informal settlements with limited access to basic services, such as water, sanitation, energy and transportation worsening the overall situation. In MMCs like Egypt or Yemen, the voluntary sector has been increasingly involved in the provision of water and sanitation facilities for centuries (please see Chaps. 6 and 7). Some MMCs, for example Yemen, local voluntary sector has been urban service providers including water (see Zabara et al., 2011).

Overcrowding in urban slums (with no sanitation facilities) makes controlling of disease outbreaks, associated with exposure to raw sewage, difficult. The sanitation problem is worse in megacities in Africa and Asia such as Jakarta (Indonesia) and Lagos (Nigeria). In Lagos (a megacity with a population of 12 million) public water supply covers only about 35 % of the metropolitan population, but 60 % of the produced water is lost through leaks and illegal connections (World Bank, 2000). The other 65 % of the population rely on private wells, boreholes, and water vendors. Further, Lagos has no central wastewater collection system, and less than 12 % have

an acceptable water-borne sanitation system. About 30 % households use pit latrines and 53 % use flush or pour-flush toilets. Thus wastewater eventually ends up in the storm water drainage system or the Lagos lagoon (WHO/UNICEF, 2004). In Nigeria and other parts of Africa, the situation has been improving (or much better than it should have been) because (Islamic) NGOs have been involved in the provision of water and sanitation facilities for years (see Salih, 2002; Saggiomo, 2012). Still there are water and sanitation crises in many MMCs creating much water security challenges.

## 9.4 Challenges to Water Security in MMCs

Each year, more than 2.2 million people in developing countries die from preventable diseases associated with lack of access to safe drinking water, inadequate sanitation, and poor hygiene. Improving water quality is vital to achieving water security, and better human health. There are many challenges, though. These challenges can be discussed in two groups: water, economy, and security threats, and water management.

### 9.4.1 *Water, Economy, and Security Threats*

Data on water withdrawal by sector refer to gross quantity of water withdrawn annually for a given use. Table 9.5 presents the distribution of water withdrawal by country for the three large water-consuming sectors: agriculture (irrigation and live-stock watering), water supply (domestic/municipal use), and industry. Total annual water withdrawal for Southwest Asia is 271.5 km<sup>3</sup> (around 7 % of world withdrawals) (FAO, 2003; UN Water, 2012)—about 84 % is for agriculture, which is higher than the world average (70 %). Water use in agriculture is not much less in water-stressed MMCs (Table 9.5). In Saudi Arabia, Oman, Yemen and Iran, agricultural withdrawal accounts for more than 85 % of the total water withdrawal, while in Bahrain, Kuwait, and Qatar about 60 %. In some other MMCs, for example Iran and Turkey, water withdrawal in agriculture is less because high annual precipitation allows rain-fed agriculture, which is not feasible in dry countries, in most of the Arabian Peninsula (Table 9.5). It is estimated that 14 % more freshwater will need to be withdrawn for agricultural purposes in the next 30 years (FAO, 2007) to produce food for three billion additional people. This agriculture sector water need is to compete with the growing urban needs for clean water. People must become conscious and use water efficiently.

Water scarcity in MMCs, especially in Southwest Asia, did and force national economies to find alternative ways to satisfy demands for water (Gleick, 2000). There are non-conventional sources of water like the re-use of urban or industrial wastewaters (with or without treatment), which increases the overall efficiency of

**Table 9.5** Freshwater withdrawal by country and sector

Region	Country	Domestic Use (%)	Industrial Use (%)	Agricultural Use (%)	Domestic Use (m <sup>3</sup> /p/year)	Industrial Use (m <sup>3</sup> /p/year)	Agricultural Use (m <sup>3</sup> /p/year)
South & South East Asia	Afghanistan	2	0	98	14	0	785
	Bangladesh	10	2	88	25	5	222
	Brunei	—	—	—	—	—	—
	Indonesia	8	1	91	28	2	325
	Malaysia	17	21	62	54	68	201
	Maldives	98	2	0	9	0	0
	Pakistan	5	1	94	52	8	933
	Bahrain	50	6	45	221	27	199
	Iran	7	1	92	85	12	1,143
	Iraq	7	15	79	147	315	1,657
	Israel	36	6	58	97	16	156
	Jordan	31	4	65	45	6	95
	Kuwait	44	2	54	132	6	162
Southwest Asia	Lebanon	29	11	60	89	34	185
	Oman	10	1	88	45	5	400
	Qatar	39	2	59	115	6	174
	Saudi Arabia	9	3	88	81	27	793
	Turkey	15	11	74	78	58	393
	United Arab Emirates	15	2	83	127	17	705
	Yemen	8	2	90	11	3	126
	Azerbaijan	4	19	76	55	260	1,039
	Kazakhstan	2	17	82	38	367	1,817
	Kyrgyz tan	3	3	94	57	56	1,703
	Tajikistan	4	5	92	63	79	1,549
	Turkmenistan	2	1	98	81	36	4,645
	Uzbekistan	5	2	93	100	43	1,956
Central Asia							

(continued)

**Table 9.5** (continued)

Region	Country	Domestic Use (%)	Industrial Use (%)	Agricultural Use (%)	Domestic Use (m <sup>3</sup> /p/year)	Industrial Use (m <sup>3</sup> /p/year)	Agricultural Use (m <sup>3</sup> /p/year)
Africa	Algeria	22	13	65	38	23	111
	Burkina Faso	13	1	86	6	0	42
	Chad	17	0	83	3	0	17
	Comoros	48	5	47	7	1	7
	Djibouti	84	0	16	19	0	4
	Egypt	8	6	86	62	49	695
	Eritrea	5	0	95	6	0	105
	Gambia	23	12	65	4	2	11
	Guinea	8	2	90	11	3	132
	Guinea-Bissau	13	5	82	14	5	90
	Libya	14	3	83	91	20	541
	Mali	9	1	90	44	5	442
	Mauritius	25	14	60	120	67	284
	Morocco	10	3	87	39	12	339
	Niger	4	0	95	5	0	130
	Nigeria	21	10	69	11	5	35
	Senegal	4	3	93	7	5	161
	Sierra Leone	5	3	92	3	2	60
	Somalia	0	0	99	2	0	351
	Sudan	3	1	97	23	6	835
	Tunisia	14	4	82	36	10	209

Source, FAO/AQUASTAT (2012)

use of water (extracted from primary sources), mostly in agriculture, but increasingly in industrial and domestic sectors, and the production of freshwater by desalination of brackish or saltwater (mostly for domestic purposes).

Total treated wastewater reused in the Southwest Asia is 2,663 million m<sup>3</sup> (FAO, 2003). On a sub-regional scale, the Levant sub region accounts for 72 % of the total reused treated wastewater, the Arabian Peninsula for 22 % and the Caucasus 6 %. Country-wise, Turkey accounts for 38 % of the total re-used treated wastewater in the region, followed by Syria and the UAE with 21, and 9 %, respectively. Only three countries, Iraq, Lebanon and Syria, provide data about re-used agricultural drainage water, which amounts to 1,500 million m<sup>3</sup>, 165 million m<sup>3</sup> and 2,246 million m<sup>3</sup>, respectively.

Desalination is a major source of water in Arabian Peninsula. On a sub-regional scale, the Arabian Peninsula accounts for 87.4 % of the total desalinated water estimated to be 3,225 million m<sup>3</sup>/year. In absolute terms, three countries (Saudi Arabia, the UAE, and Kuwait) are by far the largest users of desalinated water, accounting for 77 % of the region's total with Saudi Arabia using an annual 1,033 million m<sup>3</sup> and the UAE and Kuwait 950 and 420 million m<sup>3</sup>, respectively. In Saudi Arabia about 70 % of the drinking water is sourced in the desalination plants. Desalinated water is usually used for crop irrigation, golf courses, and urban landscaping. In the Gulf alone, MSF (Multi-Stage Flash) desalination plants treat large volumes of seawater (in excess of 25 million m<sup>3</sup>/day) to obtain 5–10 million m<sup>3</sup>/day. The remainder (about 20 million m<sup>3</sup>/day of very heated and concentrated brine) is returned back to the sea—an issue that has become a concern. Though generally seen as benign, seawater desalination creates environmental concerns (Hashim & Muneer, 2005) that are still largely ignored. In spite of its scarcity and expensive sources, water is often wasted in the Arab world due to heavily subsidized low tariff which is around 35 % of the production costs and only 10 % of the desalinated water cost.

#### 9.4.1.1 Wastewater Management

Higher use of water and volume of human waste has outpaced the development of wastewater management systems leading to the pollution of natural water bodies, unintentional use of wastewater in irrigated agriculture, irregular water supply, and environmental concerns for aquatic life (Van Rooijen et al., 2009). Overcrowding in urban slums worsens the situation and makes the control of disease outbreaks (due to the exposure to raw sewage) more difficult.

The primary sources of pollution in Sub-Saharan Africa, for example, are sewage and industrial effluents, agricultural run-off (contaminated with chemical residues and silt and increased nutrient levels), which eventually causes eutrophication (UNEP/GEMS, 2008) due to high nitrate and phosphate levels in agricultural run-off. This is particularly noticeable in the coastal areas in Nigeria, where most industries and commercial agricultural plantations are located.

Urbanization, industrialization, and agricultural activities in South Asian MMCs like many other countries have also resulted in environmental pollution.

Poorly sited waste dumping and seepage from landfills are the major causes of surface and groundwater pollution. This is specifically true about water bodies wherein various nutrients, toxic solid wastes, effluents and emission are being discharged, resulting in an excessive amount of toxic and hazardous metals in local ground and surface water. Due to discharge of untreated industrial effluents in the sewage channels, the deteriorated water quality has created major concerns for healthy, clean and good quality drinking water, especially in urban areas. The Indus River, draining the Himalayas flowing through densely populated regions in Pakistan, shows strong influence of various types of human activities. Tariq et al. (1996) have shown that the river becomes a drain at its mouth near Karachi after receiving urban and industrial waste from a number of cities along the route.

A recent government report stated that 80 % groundwater in Jakarta is polluted with pathogenic, disease causing bacteria, such as *E. coli* (two to 32 times more than the level tolerated by the Health Ministry); the problem, however, is not confined within the larger cities and has spread in the rural areas (Ardhianie, 2009).<sup>3</sup> Many Jakarta residents live in slums that cluster around the rivers and canals running through the city. These waterways, winding down from an inland mountain range, have become major recipients of industrial, household and human waste. In addition to domestic wastes, sources of water pollution in Indonesia also include waste water from textile, pulp and paper, petrochemical, mining, and oil and gas industries. Data show that water quality in nine out of 16 sampling point locations near mining areas is contaminated by heavy metal such as mercury (Hg) with the highest level of dissolved mercury in one of mining area reaching 2.78 µg/L (Resosudarmo, 2003; Schwarzenbach et al., 2010).

Pollution of surface and groundwater is a serious problem in Central Asia. The quality of surface water is low because of discharges of insufficiently treated or untreated sewage from populated localities or effluents from industrial plants or industrial accidents. Also, effluents from farms including residues from fertilizer, manure, or pesticides have led to increased salinity and pollution of water and groundwater by nitrates, phosphorus, and pesticides. According to data produced within Regional Water Intelligence Report Central Asia (Stockholm International Water Institute, 2010), salinity, fertilizers, agro-chemicals and uranium tailings are major regional water quality issues.

#### 9.4.1.2 Groundwater Contamination

Due to the limited availability of surface water during the dry season, the use of groundwater has become increasingly important source of water for irrigation, municipal and industrial purposes in many MMCs. As surface and groundwater

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<sup>3</sup>The World Health Organization (WHO) estimates that diarrheal diseases caused the deaths of around 20,500 children under 5 years old in Indonesia in 2008 (UN-Water, 2012; WHO/UNICEF, 2004).



hydrological systems are interdependent, the tapping of shallow and deep aquifers by wells and pumps has compromised the rate at which groundwater replenishes regional river basins. The World Bank warned that water is being drawn from underground aquifers faster than it is being replenished, leading to saltwater intrusion and land subsidence with attendant increases in floods and waterlogging which, in turn, aggravates groundwater pollution from septic tanks (World Bank, 2008a, 2008b).

Groundwater quality in southwest Asia is also affected by agricultural, municipal, and industrial activities in the recharge zone of most aquifers. Potential sources of contamination include recycled irrigation water, wastewater from human activities, and waste by-products from industrial activities (Morris et al., 2003). Since almost all renewable water resources in the Arabian Peninsula are in use, some countries are over-exploiting their water resources by about 10–20 % (FAO/AQUASTAT, 2012). As a result, water levels are dropping, groundwater resources are being mined, salinization and salt water intrusion are taking place.<sup>4</sup>

There is evidence of permanent depletion of groundwater levels in some countries, for example, in Bangladesh particularly in the northwest region of the country and Dhaka metropolitan area, where the water level's average annual decline is about 3 m (BADC, 2006). Groundwater in parts of Bangladesh has a high level of arsenic and fluoride content (World Bank, 2005; Madhavan & Subramanian, 2000, 2001), and in many areas fluoride of geological origin produces problematic groundwater concentrations—both creating major threat to human health<sup>5</sup> (World Bank, 2008).

Pollution of surface and groundwater is a serious problem also in Central Asia. According to data produced within Regional Water Intelligence Report Central Asia (Stockholm International Water Institute, 2010), the salinity, fertilizers, agrochemicals and uranium tailings are major regional water quality issues. Elevated concentrations of organochlorine pesticides and toxic metals, including arsenic, have been observed in human blood, milk, hair and urine of the population living in the Aral Sea Drainage Basin (ASDB) (Atanyazova et al., 2001; Erdinger et al., 2004). The exposure to these pollutants through drinking water can considerably contribute to main health problems (Crosa et al., 2006; Friedrich, 2009; Törnqvist et al., 2011).

Simultaneously, increased water pollution is worsening the imbalance between water supply and demand in most MMCs, especially those in areas that receive inadequate rainfall or where surface and groundwater pollution is getting worse. In most of these countries water is crucial for sustainable development and poverty alleviation, like most of the low income countries where about 1.1 billion people or 18 % of the world's population lack access to safe drinking water, and 2.6 billion or 40 % of the world's population lack access to improved sanitation services

<sup>4</sup> See: <http://www.fao.org/landandwater/aglw/aquastat/main/index.stm>.

<sup>5</sup> For example, ground water with arsenic presence is used heavily in Bangladesh for drinking and all household activities leading to diseases and health hazards like arsenic poisoning, blindness, or physical disability (RDA, 2001).

(UNFPA, 2002a, 2002b). Global water demand is predicted to grow by 55 % between 2000 and 2050 (UN Water, 2012). Meanwhile, depletion of quantity and quality of fresh groundwater during this period is also expected to increase exponentially.

#### 9.4.1.3 Salinization

Salinization is the most widespread groundwater quality problem and creates the greatest environmental and economic impacts (Morris et al., 2003). Often, agricultural activities (mainly irrigated agriculture) and urbanization result in the contamination of the aquifer.<sup>6</sup> Studies have shown an increase in the chloride ions in groundwater with a drop of groundwater levels (Morris et al., 2003; Lashkaripour & Ghafoori, 2011). Overexploitation of ground water in the coastal areas leads to salty sea water seeping into the wells contaminating the fresh ground water. This is particularly so in the arid and semi-arid zones in North Africa, Arabian Peninsula, and parts of Asia. Examples of major sources of saline water in the Levant region include: encroachment of sea water near the Mediterranean Sea and Red Sea; upward migration of highly pressurized brines in the Jordan Rift Valley and other areas; and subsurface dissolution of soluble salts originating in rocks throughout the region. Salinization from poor irrigation methods and pollution from industrial and domestic wastewater disposal are major water quality issues in Africa. For example, continuously saline conditions in the lower reaches of the River Gambia and its tributaries, where the population centers and tourism facilities are located, makes surface water in the Gambia, for example, unusable.<sup>7</sup>

In Indonesia, seawater is seeping into the reservoirs, with the salinized area in northern Jakarta expanding by up to 1 km annually inland from the coast (Corcoran et al., 2010). Contamination of fresh groundwater by saline water is thus a common problem in the region. In the coastal areas of Bangladesh, drinking water from natural sources has become contaminated by varying degrees of salinity due to saltwater intrusion from rising sea levels, cyclone and storm surges, and upstream withdrawal of freshwater (Khan et al., 2011). The coastal population of Bangladesh relies heavily on rivers, tube wells (groundwater), and ponds for washing, bathing, and obtaining drinking water. Domestic ponds, which take up 10 % of the total land area (excluding the rice paddies), are primarily rain fed but can also mix with saline water from the rivers, soil runoff, and shallow groundwater (Rahman & Ravenscroft, 2003). Approximately 20 million people living along the coast are affected by varying degrees of salinity (MOEF, 2006) and resulting hypertension, especially among the pregnant women (Khan et al., 2011). Thus, increased salinity in water may impact from health differently.

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<sup>6</sup>Increased salt content of surface and groundwater is mainly due to irrigation return flows and saltwater intrusion along the coast (UN-Water, 2009).

<sup>7</sup>The potable water demand for urban areas, tourism, industry, irrigation, and livestock watering is supplied by groundwater sources (WHO/UNICEF, 2004).

## 9.5 Hygiene, Water, Gender, and the Third Sector

The WHO definition of access to water (varies according to location) is availability of 20 L/person/day water within 1 km walking distance from the household (UNICEF/WHO, 2004). Access to safe drinking water is a basic human right and essential for achieving gender equality (freeing women and girls from spending long hours fetching water), sustainable development, and poverty alleviation. The right to water entitles all human beings to sufficient, safe, and (physically and financially) accessible water for personal and domestic use. Nonetheless, only a small proportion of population in MMCs in Sub-Saharan Africa, North Africa and South Asia has water on their premises (UN, 2012). For the rest, water has to be collected from some distance by the women and girls responsible for the household chores. Women and girls in Africa<sup>8</sup> may walk over 6 km/day in search of water, spending as much as 8 h collecting water (UNICEF/WHO, 2004; UNFPA, 2002a, 2002b). The disproportionate number of hours spent by girls and women on labor-intensive, time-consuming, and unpaid domestic tasks such as fetching water<sup>9</sup> and other household chores reduce their opportunities for education, decent work, or political engagement, perpetuating gender divide and intergenerational transfer of poverty and disempowerment (see Rodda, 1991; Sorenson et al., 2011). Shortage of drinking water poses severe health risks as manifested through water-borne diseases and severe dehydration (UN, 2012; WHO/UNICEF, 2012). Women in these families take care of and fulfill the work of the people suffering from water-related diseases becoming more vulnerable.

The implications of lack of access to adequate sanitation are widespread. In some countries, girls are often not permitted to attend schools that do not have latrines out of concern for their privacy and modesty (World Bank, 2004). Access to fresh water and sanitation reduces travelling distance for women and girls for water collection, allowing the family better health,<sup>10</sup> girls opportunity to attend schools, women time for other activities including skills development, childcare, growing food, or productive works.

Global water and sanitation practitioners have recognized the importance of incorporating a gender perspective in water management programs based among others, the following observations: (1) women and girls are most often the primary users, providers and managers of water in their households and are the guardians of household hygiene; (2) If a water system falls into disrepair, women are the ones forced to travel long distances over many hours to meet their families' water needs; (3) conversely, women and girls benefit most when services are improved; and (4) low sanitation in educational institutions reduces female school enrolment, and literacy.

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<sup>8</sup>In sub-Saharan Africa, 71 % burden of collecting water for domestic use falls on women and girls (UN, 2012). Currently, women and girls in sub-Saharan Africa spend on an average about 200 million h/day collecting water (UN, 2012).

<sup>9</sup>In most countries, girls often are given the task of collecting water, carrying home 15–20 L of water from the water point.

<sup>10</sup>A study in Pakistan demonstrated that the availability of increased quantity of water at the households was critical in preventing stunting growth in children (van der Hoek et al., 2002).

Therefore, investments in water infrastructure alone could save women billions of hours a year. Empowering or enabling women to play leadership roles in using and managing water and sanitation resources may improve family health, higher household incomes, greater access to education, and improved gender equity.

In Morocco, the Rural Water Supply and Sanitation Project of the World Bank aimed to release the girls from collecting water to attend schools. In the six provinces where the project is based, the girls' school attendance increased by 20 % in 4 years because the increased access to safe water reduced the time spent for fetching water by women and young girls by 50–90 % (World Bank, 2003). In Pakistan, school enrolment of all children increased by 80 % over 7 years as a result of the Punjab Rural Water Supply Project (ADB, 2003). The project involved both women and men in all aspects of planning, designing and implementation, brought water to 325 poor and remote villages and transformed the lives of 800,000 people. It has also been proven that improvements in infrastructure services, especially water and electricity particularly for poor women, can help free up women's time spent on domestic and care work (ADB, 2003). In Bangladesh, water projects have led to creating more leisure time for women and increased welfare. In Pakistan, putting water sources closer to the home was associated with increased time allocated to productive work. Improved water and sanitation may transform women and girls in MMCs from water-carrier to active and healthy citizens with education involved in productive works. The third sector has been and can be involved at a higher rate to bring human security freeing women from "water-chain" in the affected MMCs (Salih, 2002; Saggiomo, 2012; Lim et al., 2013; Sansom, 2014).

## 9.6 Conclusion

Water-related problems and concerns, though not new, are now becoming increasingly apparent and internationalized due to global interdependence. Water problems and related concerns vary considerably among MMCs across geographic regions influenced by climatic conditions. There are also disparities in the available water resources, and annual rate of precipitation. Due to increase in the population and volume of domestic, agriculture and industrial activities, the pressure on water resources intensifies, leading to tensions, conflicts among users, and excessive pressure on the environment. Within MMCs trans-boundary rivers, including the Nile in Africa, Jordan (Lowi, 1995), and Euphrates in Southwest Asia and the Indus, Ganges, and Brahmaputra in southern Asia, have led to disputes, and increased future global concerns.

Global progress made in access to improved sources of drinking-water has been achieved through gaining access to piped drinking water on premises. Some MMCs, e.g. those within the Arabian Peninsula and Southeast Asia have made significant progress in the provision of improved water. There have been better infrastructural facilities in many MMCs, nonetheless poor water quality creates major health risks. Water quality is reduced due to contamination by both natural as well as human

influences including inadequate provision of sanitation facilities, sewage disposal, and wastewater treatment.

A recent report on the progress of Millennium Development Goals (MDG) points out that, while the MDG target on water has been largely met, 783 million people in the world still remain without access to an improved source of drinking water. The gap between urban and rural areas remains wide, with the number of people in rural areas without improved water source five times greater than in urban areas in some MMCs. Coping with increasing shortage of water to maintain sufficient water for health, hygiene, agriculture, and industry is a critical challenge for the near future. The future seems to be more challenging because of the climate change and rapid population growth in most MMCs with large number of poor households.

The burden of water collection in poor households falls most heavily on girls and women. Women and young girls, who are to access and carry water, are prevented from income-generating work or attending school. They are also at an increased risk for violence since they travel great distances on a daily basis, and are even at risk when they must go to the edge of the village to find a private place to relieve themselves. Reducing these disparities in national and local water and sanitation planning must be a priority.

The voluntary sector can and, as evident in the discussion, did play commendable roles in the provision of water and sanitation facilities in MMCs reducing gender disparity. In fact, due to religious (water required for ritual purity before five daily prayers), geographic (water constraints in arid and semi-arid MMCs), economic (women's ownership of land), and environmental (water pollution for misuse of surface water and over abstraction of groundwater) reasons water, women, and philanthropy seem to have been tied together in Muslim communities for centuries (also discussed in Chaps. 5–7). In the recent past these relationships have become important and prominent. Access to improved water and sanitation through the voluntary sector interventions are transforming women and girls in MMCs from water-carrier to active and healthy citizens with education involved in productive economic activities furthering better security for all in the family. Human security cannot be achieved without freeing women and girls from the “water-chains” which is only possible with the help of the third sector because the government services do not cover the vulnerable remote areas in the low income countries (see Chaps. 6–8).

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# Chapter 10

## Education and Health for Human Security in MMCs: Achievements and the Third Sector Interventions

Shahadut Hossain and Zahirul Hoque

### 10.1 Introduction

Islam does not allow priesthood or mediation between the Followers and the Creator,<sup>1</sup> or recognize any priestly mediation between the Believers and God (Ali, 1964: 165). Every Muslim must learn specific texts for the profession of Faith, few phrases to pronounce intentions of the prayers, and few verses from the Qur'an to perform different *ibadah* (e.g. five time daily prayers). Learning is a fundamental part of the Religion, even for the letter-free people. The first word of the Qur'an *iqra*<sup>2</sup> ("read" or "proclaim") revealed to Prophet Muhammad (PBUH<sup>3</sup>) was the beginning of this learning-based religion. Thus Prophet Muhammad suggested that learning is compulsory for all Muslim men and women, and offered advices for staying healthy to perform *ibadah* and remain economically active.

The "freedom from want (i.e. people's security)" perspective of human security also emphasizes education and health, along with food, shelter, or work. People's survival, functioning, and progress rest on good health, education, and skills. Education is one of the three major criteria which is included in the UNDP human development index (HDI) calculation and is given very high priority in the United Nations (UN) Millennium Development Goals (MDGs), e.g. the MDG goal 2 (MDG2) of achieving universal primary education by 2015. Health-related criterion, like life expectancy at birth (LEB), is used in the composite HDI. Several other health-related criteria are included in the MDGs; for example, reduction of under-five child mortality by

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<sup>1</sup>For detail discussions on the matter please see Chap. 2 in this Volume.

<sup>2</sup>"Proclaim! (or Read!) in the name of thy Lord and Cherisher, Who created..." (Al Qur'an, 96: 1–2).

<sup>3</sup>God's blessings and peace be upon him (PBUH). Muslim readers are supposed to (and reminded of the obligation to) utter the blessings to the Prophet every time they come across his name.

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two-thirds (MDG4), improving maternal health (MDG5) by reducing maternal mortality ratio by three quarters (MDG 5A), and achieving universal access to reproductive health (MDG 5B) between 1990 and 2015.

This chapter analyses education and health status of 47 Muslim majority countries (MMCs) in Africa and Asia, the focus of this Volume. It endeavors to highlight the achievements of and gaps in MMCs in different indicators for education and health—two major determinants of human security. A secondary purpose of the chapter is to highlight achievements in education and health in MMCs that have done well in promoting philanthropy and the third sector in social and human development. The Chapter uses four cases (Bangladesh and Indonesia; and Niger and Senegal) to show differences in performances in education and health sectors because the first two MMCs mentioned above have robust third sector, while the last two the worst (see Chaps. 5, 6, and 12).

Discussion in Chap. 6 reveals that Bangladesh and Indonesia have the highest TSO density in MMCs, and Niger and Senegal have the lowest. Thus, using the selected criteria, this chapter shows that the first two MMCs have done very well in education and health, and the last two have done the opposite. The analyses also showed that there is no conclusive relationship between public investment and achievement in education and health indicators. Thus co-operation among MMCs for sharing resources, best practices, important skills, social entrepreneurship, and the models for third sector engagement is likely to improve human security through education and health for all.

The analyses in this chapter are based on data available in the World Bank and UNDP documents for the period of 2000–2009. In most cases, the analyses are based on the most recent available data (2008/2009). Different key indicators are utilized to highlight meaningful features, e.g. displaying the progress over time, as appropriate. Besides the country-wise situation analyses, the chapter offers comparative analyses by dividing MMCs into six geographical regions (Box 10.1).

### **Box 10.1 MMCs in Different Geographic Regions**

Central Asia: Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan

West Asia: Bahrain, Iran, Iraq, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, UAE, Yemen, and Turkey

South-East Asia: Brunei, Indonesia, Malaysia

South Asia: Afghanistan, Bangladesh, Maldives, Pakistan

North Africa: Algeria, Egypt, Libya, Morocco, Sudan, Tunisia, and

Sub-Saharan Africa: Burkina Faso, Chad, Eritrea, Gambia, Guinea, Guinea-Bissau, Mauritania, Nigeria, Sierra Leone, Niger, Comoros, Djibouti, Mali, Senegal, Somalia

## 10.2 Possible Third Sector Impacts and Educational Achievements of MMCs

Education is an important indicator of social wellbeing, which enhances functional “capability,” and is considered to be the foundation for reducing poverty and human insecurity. Achievement in education is usually followed by (or likely to follow) achievements in other human security goals, such as improved overall health of population in terms of reduced infant, child or maternal mortality. Education is thus given the highest priority in the United Nations (UN) Millennium Development Goals (MDGs). More specifically, achieving universal primary education (MDG2) is considered to be the main target in the MDGs. This goal is primarily measured by the “net enrolment ratio,” the completion rate of primary education, and the adult (15–24 years old) literacy rate (ALR).

Data for primary education completion rate are not available for five out of 47 MMCs.<sup>4</sup> Twelve<sup>5</sup> MMCs have achieved the goal of providing primary education to all children. Overall, MMCs in South-East Asia is ahead in achieving highest primary completion rate followed by MMCs in Central Asia (98.2 % on average), West Asia (94 %), North Africa (82.8 %), South Asia (65.3 %), and Sub-Saharan Africa (52.1 %) (Table 10.1). It seems that all countries in Sub-Saharan Africa,<sup>6</sup>

**Table 10.1** ALR, PCR, and primary to secondary progression rate: regional data

Region	Average primary completion rate (%)		Average primary to secondary progression rate (%)		Average adult literacy rate (%)	
	Female	Total	Female	Total	Female	Total
Central Asia	98.2 (8.7)	98.7 (8.4)	98.7 (0.78)	99.1 (0.64)	99.3 (0.24)	99.5 (0.18)
West Asia	93.9 (18.7)	95.1 (15.0)	96.9 (2.5)	95.8 (3.5)	80.8 (13.1)	86.2 (8.9)
South-East Asia <sup>a</sup>	105.0 (12.5)	105.0 (12.6)	96.8 (3.7)	96.7 (4.3)	91.0 (2.4)	93.3 (1.7)
South Asia	80.8 (29.5)	84.2 (31.2)	81.8 (10.4)	79.9 (8.8)	63.0 (31.2)	69.9 (24.5)
North Africa	82.8 (20.5)	85.6 (16.4)	87.8 (5.4)	85.9 (3.8)	64.3 (14.0)	73.0 (11.9)
Sub-Saharan Africa	52.1 (16.6)	56.5 (15.8)	63.7 (13.4)	66.8 (10.6)	40.0 (14.7)	50.0 (14.0)
Total	80.0 (26.0)	82.4 (23.7)	85.8 (16.6)	86.0 (14.7)	69.7 (25.3)	75.9 (21.3)

*Data source:* World bank

Figures in parentheses are the standard deviations

<sup>a</sup>More than 100 % PCR signifies that some adults are enrolled in primary education, and that all primary school children may not be in school

<sup>4</sup>Afghanistan, Libya, Sierra Leone, Somalia, and Turkmenistan.

<sup>5</sup>Bahrain, Brunei, Iran, Jordan, Kazakhstan, Kuwait, Maldives, Oman, Qatar, Syria, Tajikistan, and UAE.

<sup>6</sup>Chad: 33 %, Djibouti: 35.6 %, Eritrea: 39.8, Niger: 41.1 % in the lower end, and Mali: 54.8 %, Sudan: 57.9 %, Senegal: 59.2 %, Guinea: 64.1 %, Guinea-Bissau: 67.6 %, Gambia: 70.5 %, Nigeria: 74.3 %, Mauritania, Comoros: 74.8 % in the higher end.

and countries in South Asia (Bangladesh: 65.4 %, Pakistan: 67.1 %) except Maldives are falling behind in achieving the MDG goal of universal primary education. There is significant gender gap in primary completion rates (CPR; between 10 and 20 % less among female children) in the Sub-Saharan MMCs. Iraq is the only country outside Sub-Saharan Africa where gender gap in primary completion rate (CPR) is high (76.1 % for boys versus 55.4 % for girls). Gender gaps in primary completion rate are negligible in all other MMCs. However, all the struggling MMCs in Africa except the Gambia and Eritrea achieved tremendous success in increasing primary completion rate during the period of 2000–2009.

Data on adult literacy rate (ALR) are not available for seven of the 47 MMCs.<sup>7</sup> The average ALR in MMCs (75.93 %) is below the world average (84.1 %) as well as below the low and middle income country average (80 %). Average female ALR (69.75 %) is found to be much less than the overall average ALR (75.93 %), creating significant gender gap in MMCs on this criterion. This gap is the highest in MMCs in Africa (Table 10.2, Column 10)—the average female ALR is 64.32 % against total average ALR of 73.07 % in North Africa, and 40.01 % (male) against 50.01 % (female) overall in MMCs in Sub-Saharan Africa. Available data (Table 10.2, Column 9) show that in Sub-Saharan Africa, more than two-third population in four MMCs,<sup>8</sup> around half of the population in five MMCs,<sup>9</sup> one-third population in two MMCs (Eritrea and Sudan), and around one-fourth population in one MMC (Comoros) do not have functional literacy. In two MMCs in North Africa (Algeria and Tunisia) and one in West Asia (Iraq) around 25 % of the population does not have functional literacy. Finally, in two countries in South Asia (Bangladesh and Pakistan<sup>10</sup>) almost half of the population does not have functional literacy. It seems that all MMCs in Sub-Saharan Africa, two in North Africa, one in West Asia, and two in South Asia are still lagging behind in achieving the MDG target of ALR. All five MMCs in Central Asia and one in South Asia (Maldives) have achieved almost 100 % ALR. All MMCs in South-East Asia and West Asia except Iraq have very high ALRs (between 80 and 95 %<sup>11</sup>).

A recent criterion for evaluating educational attainment is the percentage of primary school graduates moving to secondary schools.<sup>12</sup> In MMCs in Central Asia, West Asia and South-East Asia on average over 95 % (Table 10.2, Column 5) of primary school graduates progress to secondary schools. In ten MMCs in Asia,<sup>13</sup>

<sup>7</sup> Afghanistan, Djibouti, Egypt, Mali, Niger, Somalia, and UAE.

<sup>8</sup> Burkina Faso, Chad, Guinea, and Sierra Leone.

<sup>9</sup> The Gambia, Guinea-Bissau, Mauritania, Nigeria, and Senegal.

<sup>10</sup> Data on Afghanistan are not available.

<sup>11</sup> It can be noted that a large percentage of population in six West Asian MMCs (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and UAE) are expatriate. Thus ALR figures for these countries may not be an accurate reflection of the local population's ALR.

<sup>12</sup> Data are not available for 12 out of 47 MMCs (Afghanistan, Bangladesh, Comoros, Egypt, Guinea-Bissau, Iraq, Libya, Nigeria, Sierra Leone, Somalia, Turkmenistan, and Yemen).

<sup>13</sup> Azerbaijan, Bahrain, Brunei, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Malaysia, Qatar, Tajikistan, and Uzbekistan.

**Table 10.2** ALR, PCR, and primary to secondary progression rate: country data

Country	Primary completion rate (%)			Primary to secondary progression rate (%)			Adult literacy rate (%)		
	Female	Total	Increase in the total PCR over 2000–2009	Female	Total	Difference (total-female)	Female	Total	Difference (total-female)
Afghanistan	NA	NA	NA	NA	NA	NA	NA	NA	NA
Algeria	95.87	95.99	16.46	90.13	89.07	1.06	63.92	72.65	8.73
Azerbaijan	88.98	89.51	0.47	98.53	98.33	0.2	99.22	99.50	0.28
Bahrain <sup>a</sup>	107.05	107.25	15.17	99.24	98.78	0.46	90.16	91.35	1.19
Bangladesh	68.81	65.35	2.91	NA	NA	NA	51.02	55.90	4.88
Brunei	117.62	117.84	-1.79	99.97	99.57	0.4	93.67	95.29	1.62
Burkina Faso	42.28	45.10	89.73	50.65	53.48	-2.83	21.58	28.73	7.15
Chad	24.43	32.93	43.55	65.91	73.14	-7.23	23.06	33.61	10.55
Comoros	65.46	74.83	18.05	NA	NA	NA	68.65	74.15	5.50
Djibouti	34.04	35.57	28.13	64.37	66.01	-1.64			
Egypt	96.72	98.49	4.40	NA	NA	NA			
Eritrea	36.37	39.82	9.88	81.76	81.84	-0.08	56.03	66.58	10.55
Gambia	71.57	70.51	5.93	82.04	81.08	0.96	35.81	46.50	10.69
Guinea	52.97	64.12	98.58	50.56	57.11	-6.55	28.08	39.46	11.38
Guinea-Bissau	59.96	67.62	127.37	NA	NA	NA	38.02	52.20	14.18
Indonesia <sup>a</sup>	104.93	104.52	12.70	92.66	91.84	0.82	89.10	92.19	3.09
Iran <sup>a</sup>	103.59	103.57	11.55	97.19	96.51	0.68	80.66	85.02	4.36
Iraq	55.40	65.20	17.22	NA	NA	NA	69.86	78.06	8.20
Jordan <sup>a</sup>	101.43	101.38	8.01	98.80	98.83	-0.03	88.90	92.20	3.30
Kazakhstan <sup>a</sup>	110.92	110.42	19.21	99.80	99.79	0.01	99.57	99.68	0.11
Kuwait <sup>a</sup>	114.23	112.12	8.92	99.12	99.00	0.12	91.79	93.91	2.12
Kyrgyz	96.65	96.57	3.41	98.78	99.29	-0.51	98.98	99.24	0.26
Lebanon	89.40	87.26	2.70	91.25	87.66	3.59	85.97	89.61	3.64
Libya	NA	NA	NA	NA	NA	NA	82.02	88.86	6.84
Malaysia	92.53	92.61	0.18	97.68	98.87	-1.19	90.29	92.46	2.17

(continued)

Table 10.2 (continued)

Country	Primary completion rate (%)			Primary to secondary progression rate (%)			Adult literacy rate (%)		
	Female	Total	Increase in the total PCR over 2000–2009	Female	Total	Difference (total-female)	Female	Total	Difference (total-female)
Maldives <sup>a</sup>	114.40	120.32	-18.31	89.14	86.11	3.03	98.43	98.40	-0.03
Mali	48.65	54.83	86.75	72.29	73.49	-1.2	NA	NA	Na
Mauritania	76.00	74.80	62.79	40.78	54.46	-13.68	50.33	57.45	7.12
Morocco	81.90	84.69	47.59	80.50	81.70	-1.2	43.92	56.08	12.16
Niger	35.54	41.19	120.15	62.10	58.68	3.42	NA	NA	NA
Nigeria	69.69	74.36	-3.72	NA	NA	NA	49.81	60.82	11.01
Oman <sup>a</sup>	102.44	101.35	29.49	94.10	92.65	1.45	80.87	86.62	5.75
Pakistan	59.26	67.06	9.38	74.40	73.66	0.74	39.61	55.53	15.92
Qatar <sup>a</sup>	100.23	99.70	12.58	98.96	99.13	-0.17	92.91	94.72	1.81
Saudi Arabia	92.15	93.31	3.20	97.24	93.80	3.44	81.08	86.13	5.05
Senegal	60.58	59.24	47.14	66.43	68.80	-2.37	38.67	49.70	11.03
Sierra Leone	NA	NA	NA	NA	NA	NA	30.10	40.92	10.82
Somalia	NA	NA	NA	NA	NA	NA	NA	NA	NA
Sudan	47.71	57.87	57.73	93.20	89.17	4.03	60.82	70.21	9.39
Syria <sup>a</sup>	103.10	103.62	11.13	95.48	94.97	0.51	77.98	84.19	6.21
Tajikistan <sup>a</sup>	102.30	104.02	11.69	97.62	98.46	-0.84	99.56	99.67	0.11
Tunisia	91.97	91.15	3.37	87.26	83.88	3.38	70.96	77.56	6.60
Turkey	98.18	99.16	5.28	96.61	96.67	-0.06	85.35	90.82	5.47
Turkmenistan	NA	NA	NA	NA	NA	NA	99.41	99.56	0.15
UAE <sup>a</sup>	101.37	99.63	15.77	98.52	96.09	2.43			
Uzbekistan	92.25	93.22	-2.00	98.94	99.48	-0.54	99.09	99.34	0.25
Yemen	53.05	63.22	13.36	NA	NA	NA	44.68	62.39	17.71

Data source: World Bank

<sup>a</sup>In ten MMCs in the above table the PCR is more than 100 %. This may be due to some adults (not of primary school age) are undergoing primary education. Thus it might be possible that some of primary school age children are out of primary education system

this progression rate is almost 100 %. Progression rates of primary school graduates to secondary schools are similar in MMCs in South Asia and North Africa (around 80–85 %), except Pakistan (75 %). In Sub-Saharan Africa, Sudan has the highest achievement in this criterion (89.17 %), followed by Eritrea (81.8 %), and the Gambia (81.1 %). Noteworthy that primary completion rates are also low in Eritrea (39.8 %), the Gambia (70.5 %), and Sudan (57.9 %). Other MMCs in Sub-Saharan Africa are lagging behind in both the criteria. There is an encouraging sign though—data reveal that primary to secondary progression rates among females are very close to that of the respective national average in all MMCs in Sub-Saharan Africa, except Chad, Guinea and Mauritania.<sup>14</sup> Incidentally, no third sector datum is available from Chad or Guinea, but Mauritania has the highest third sector density (19.55) in Sub-Saharan Africa (see Chap. 6).

Since there seems to be a possible relationship between low public investment and lower educational attainment, especially in low income MMCs, analyzing the relationship between the two could be an imperative. Public spending need time to impact on educational attainment and recent data for public spending in education may not be a correct reflection of relationship between the two. Thus, to construct an appropriate picture of the public spending's impact on education (especially, on ALR), the average spending over the period 2000–2009 is considered. Based on the available data, average public spending (% of GDP) and average adult literacy rate for MMCs for 36 (out of 47) MMCs are calculated (Table 10.3).<sup>15</sup>

The data demonstrate that public spending on education varies between 1.49 % (in UAE) and 8.64 % (in Djibouti) of the GDP. The correlation coefficient of average public spending and average literacy rates is found to be very weak and insignificant ( $r=0.11$ ,  $p\text{-value}=0.52$ ), indicating very weak impact of public spending on the ALR. There might be several reasons for this. Firstly, the higher percentage of GDP does not necessarily indicate adequate spending on education (for instance, though UAE spends a small share, 1.49 %, of its GDP on education, its per capita spending on education will be much higher than many other countries because of its huge GDP against its small population). Secondly, the data used here are the available overall public spending in education, not the public spending on primary education. It may be possible that public spending focusing on overall education may not have adequate direct impact in improving ALR.<sup>16</sup> Thirdly, education in general has become more of a private responsibility, and thus public spending probably has a minor role in this regard. Lastly, in many MMCs, like other parts in the world, the

<sup>14</sup> The primary to secondary progression rates among females are 7.2 %, 6.6 %, and 13.7 % (Table 10.2, Column 7) less than the corresponding national averages in Chad, Guinea, and Mauritania, respectively.

<sup>15</sup> Either one or both sets of data are not available for 11 MMCs: Afghanistan, Guinea-Bissau, Djibouti, Iraq, Jordan, Libya, Nigeria, Somalia, Sudan, Turkmenistan, and Uzbekistan.

<sup>16</sup> For example, Indonesia and Kazakhstan with large private sector (profit and nonprofit) investment in tertiary education, the public spending is concentrated more on the non-tertiary sector; the situation is opposite in Iran or Tunisia, for example, where the tertiary education sectors are mainly under public control.



**Table 10.3** Average public spending on education (% of GDP) and ALR in MMCs

Country	Average public spending		Average literacy rate	
	Country average	Regional average (SD)	Country average	Regional average (SD)
Afghanistan	NA	4.33 (3.35)	NA	67.4 (25.9)
Algeria	4.34	5.32 (1.29)	71.26	70.6 (11.0)
Azerbaijan	2.73	3.31 (1.04)	99.50	99.3 (0.6)
Bahrain	3.10	4.20 (2.07)	88.95	84.7 (9.3)
Bangladesh	2.40	4.33 (3.35)	51.70	67.4 (25.9)
Brunei	3.71	4.28 (1.65)	93.98	92.0 (1.8)
Burkina Faso	4.52	4.05 (1.74)	24.70	41.9 (24.3)
Chad	2.38	4.05 (1.74)	29.21	41.9 (24.3)
Comoros	5.71	4.05 (1.74)	71.32	41.9 (24.3)
Djibouti	8.64	4.05 (1.74)	NA	41.9 (24.3)
Egypt	4.31	5.32 (1.29)	68.89	70.6 (11.0)
Eritrea	3.52	4.05 (1.74)	59.55	41.9 (24.3)
Gambia	2.71	4.05 (1.74)	41.66	41.9 (24.3)
Guinea	2.27	4.05 (1.74)	34.47	41.9 (24.3)
Guinea-Bissau	NA	4.05 (1.74)	46.78	41.9 (24.3)
Indonesia	2.99	4.28 (1.65)	91.52	92.0 (1.8)
Iran	4.81	4.20 (2.07)	81.70	84.7 (9.3)
Iraq	NA	4.20 (2.07)	76.06	84.7 (9.3)
Jordan	NA	4.20 (2.07)	91.07	84.7 (9.3)
Kazakhstan	2.71	3.31 (1.04)	99.68	99.3 (0.6)
Kuwait	5.62	4.20 (2.07)	93.73	84.7 (9.3)
Kyrgyz Republic	4.86	3.31 (1.04)	99.24	99.3 (0.6)
Lebanon	2.42	4.20 (2.07)	89.61	84.7 (9.3)
Libya	NA	5.32 (1.29)	87.53	41.9 (24.3)
Malaysia	6.15	4.28 (1.65)	90.57	92.0 (1.8)
Maldives	8.19	4.33 (3.35)	97.37	67.4 (25.9)
Mali	3.91	4.05 (1.74)	25.09	41.9 (24.3)
Mauritania	3.14	4.05 (1.74)	54.33	41.9 (24.3)
Morocco	5.63	5.32 (1.29)	54.51	70.6 (11.0)
Niger	3.39	4.05 (1.74)	19.03	41.9 (24.3)
Nigeria	NA	4.05 (1.74)	57.80	41.9 (24.3)
Oman	3.91	4.20 (2.07)	83.99	84.7 (9.3)
Pakistan	2.39	4.33 (3.35)	53.18	67.4 (25.9)
Qatar	2.14	4.20 (2.07)	92.69	84.7 (9.3)
Saudi Arabia	6.55	4.20 (2.07)	83.62	84.7 (9.3)
Senegal	4.24	4.05 (1.74)	43.62	41.9 (24.3)
Sierra Leone	4.16	4.05 (1.74)	37.88	41.9 (24.3)
Somalia	NA	4.05 (1.74)	NA	41.9 (24.3)
Sudan	NA	5.32 (1.29)	65.57	70.6 (11.0)
Syrian	5.09	4.20 (2.07)	82.64	84.7 (9.3)

(continued)

**Table 10.3** (continued)

Country	Average public spending		Average literacy rate	
	Country average	Regional average (SD)	Country average	Regional average (SD)
Tajikistan	2.95	3.31 (1.04)	99.56	99.3 (0.6)
Tunisia	7.03	5.32 (1.29)	75.93	70.6 (11.0)
Turkey	2.84	4.05 (1.74)	88.64	84.7 (9.3)
Turkmenistan	NA	3.31 (1.04)	99.56	99.3 (0.6)
UAE	1.49	4.20 (2.07)	90.03	84.7 (9.3)
Uzbekistan	NA	3.31 (1.04)	98.12	99.3 (0.6)
Yemen	8.21	4.20 (2.07)	58.60	84.7 (9.3)
MMC Avg.		4.19 (1.83)		71.4 (24.3)

Data source: World Bank, [2014](#)

nonprofit sector (including the *waqf*-based educational institutions, like the *madrassa*, please see Chap. 7) significantly contributes in attaining the MDGs in education, even with lower public investment. Educational attainment is comparatively higher in MMCs with the highest TSO density, and lower in MMCs with low TSO density (Boxes 10.2 and 10.3).

### **Box 10.2 Bangladesh and Indonesia: Higher Educational Attainment; Larger Third Sector**

Bangladesh has made significant progress in education (during 1990–2009) increasing primary school enrollment to 97 % (from 72 %), and adult literacy to 56 % (in 2009), from 51 % (in 2000). Primary completion rate reached 65 % in 2009, with 90 % progression toward secondary education making the enrolment rate in the latter 48 % (in 2009, as opposed to 40 % in 2000), possibly due to a very large nonprofit education sector (see Chaps. 5, 6, and 7). Secondary education is provided through collaboration of the government and nongovernment providers within a regulatory framework provided by the government. These schools, managed by local school management committees, receive substantial subvention from the government. In principle, this represents an ideal form of public–private partnership. Also a large number of NGOs are striving to improve the basic education with supports from external agencies. The NGOs are involved mainly in nonformal education providing education facilities to children who are most vulnerable (comprising 10 % of the school-aged cohort). Over the years NGOs built up considerable educational expertise and became a strong force within the education sector. Thus, the achievements in basic education can be considered to be a concerted effort by the government and the third sector.

(continued)

**Box 10.2** (continued)

Educational achievement in Indonesia is also linked to the existence of non-profit educational institutions in the country for decades (see Chap. 6) showing impressive performance in the last few years. Primary school completion rate in Indonesia reached 104.5 % (with 104.93 for female) indicating that some nonprimary age persons are also completing primary education under the adult literacy programs offered by many third sector organizations (while some of the primary school age population may not). The progression rate to secondary school is also high—91.84 % (including 92.66 % of the girls). Adult literacy rate reached 92 % in 2009. These impressive results achieved with 2.99 % public spending in the sector also reinforce the contention of the third sector impacts in education in Indonesia, as discussed in Chap. 6.

**Box 10.3 Niger and Senegal: Weak Third Sector and in Educational Attainment**

Senegal and Niger, with the lowest level of third sector activities, are lagging behind in the MDGs in attaining basic education. In Senegal, primary school enrollment rate was around 73 % (with a completion rate of 59 %) in 2009, and adult literacy rate of 49 %. Primary to secondary progression rate is only 69 %. Though gender gap disappeared in primary school enrollment and completion rates, there was a huge gap (20 %) in ALR (59 % for male versus 39 % for females) in 2009. Rural areas, home of 57 % population, still represent only a third of the national level basic education attainment. In Senegal, though access to pre-school education is recognized as a public service right, actual delivery of early childhood education is largely left in the hands of the private sector, which mainly meets the needs of wealthier families living in urban areas. Though there is some civil society initiatives led by the ANAFA (*Association nationale pour l'alphabétisation des adultes*), an NGO focusing on adult literacy in Senegal, there is a lack of community and NGO-based philanthropic initiatives in improving basic education in Senegal.

Primary school enrolment rate in Niger is low and has 16 % gender gap (66 % for boys versus 50 % for girls). Primary school completion rate had been doubled during 2000–2009 (from 19 % in 2000 to 41 % in 2009), but the gender gap did not reduce much—12 % gap between the boys (47 %) and girls (35 %). Being one of the poorest nations in the world Niger is facing tremendous challenge in attaining the MDG targets of basic education. Though government spending on primary education has increased in the recent years the amount of allocation is not adequate to meet the multifaceted challenge. The country with a very low level of third sector activities and funds has achieved less than the other MMCs with higher TSO activities.

(continued)

**Box 10.3** (continued)

(Source: <http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Goal2%20Eng.pdf>). (source: Senegal Education Ministry in charge of Pre-school, Elementary and Middle-School Education/PDEF, *Rapport national sur la situation de l'éducation 2008*, p. 12.; source: [http://www.ungei.org/news/niger\\_2163.html](http://www.ungei.org/news/niger_2163.html)).

### 10.3 Possible Third Sector Impacts and Achievements in Health Service in MMCs

The main health-related criteria used in the UNDP Human Development Index (HDI) and UN MDGs are discussed in this section. “Life Expectancy at Birth (LEB)” is the only health-related criterion that is considered in calculating the HDI, and it is influenced by child mortality and maternal mortality rates. Thus many other indicators are used to measure maternal health including the maternal mortality ratio (MMR), proportion of birth attended by skilled health personnel, adolescent fertility rate, and contraceptive prevalence rate (CPR). The MDGs include these important health-related criteria; for example, the reduction (between 1990 and 2015) of under-five child mortality by two-thirds (MDG 4), and improving maternal health (MDG 5) by reducing maternal mortality ratio by three-quarters (MDG 5A) and achieving universal access to reproductive health (MDG 5B). This section analyses achievements in the above health-related indicators. In order to comprehend the quality of health services and access to basic health needs, public health expenditure (as percentage of total health expenditure), percentage of births attended by skilled health staffs, and access to improved sanitation and water supply are also reported. Finally, the relationships of the health services variables with different health indices are analyzed to investigate the impact of health services on human health in MMCs.

Life expectancy at birth (LEB) is influenced by many factors, such as geography, resource endowment, genetic heritage, per capita income, nutrition, and the quality of health services. The MMCs are spread over a wide geographic area. Such a geographic variation of MMCs has huge influence on the LEB in MMCs (see ElJaouhari & Hasan, 2012). As a result, the variation in LEB in MMCs is large, ranging from 53.9 years on average in MMCs of sub-Saharan Africa to 73.3 years on average in MMCs of South-East Asia (Table 10.4, column 3). Country-wise LEB data reveal that Sierra Leone in Sub-Saharan Africa has the lowest LEB (46.97 years), whereas Qatar in West Asia has the highest (77.94 years) among all MMCs (Table 10.5). MMCs in West Asia (lowest LEB: 64.6 years in Yemen; highest LEB: 77.94 years in Qatar), South-East Asia (lowest LEB: 68.5 years in Indonesia; highest LEB: 77.8 years in Brunei), North Africa (lowest LEB: 71.6 years in Morocco; highest LEB: 74.6 years in Libya), and Central Asia (lowest LEB: 64.8 years in Turkmenistan;

**Table 10.4** Average region-wise LEB in MMCs

	LEB female 2009	LEB male 2009	LEB total 2009
Central Asia	71.7 (1.9)	64.2 (2.2)	67.9 (1.9)
West Asia	74.6 (3.0)	71.6 (4.1)	73.1 (3.5)
South-East Asia	75.5 (5.1)	71.3 (4.3)	73.3 (4.7)
South Asia	65.0 (12.3)	63.7 (11.6)	64.3 (11.9)
North Africa	73.2 (5.3)	69.2 (5.1)	71.1 (5.2)
Sub-Saharan Africa	55.2 (4.8)	52.7 (4.4)	53.9 (4.6)
Total	67.1 (9.9)	63.6 (9.4)	65.3 (9.6)

*Data source:* Computed from World Bank Data

**Table 10.5** Life expectancy at birth (LEB), child mortality rate (CMR per 1000 live births), and maternal mortality ratio (MMR) in MMCs

Country	LEB male 2009	LEB female 2009	LEB total 2009	CMR 2009	MMR 2008	Reduction (in %) in CMR (2000–2009)	Reduction (in %) in MMR (2000–2008)
Afghanistan	47.75	48.05	47.90	107.20	1,400.00	21.18	22.22
Algeria	71.19	74.12	72.62	32.00	120.00	30.43	14.29
Azerbaijan	67.42	73.36	70.32	49.00	38.00	28.99	35.59
Bahrain	74.24	75.57	74.89	10.00	19.00	16.67	17.39
Bangladesh	67.77	68.90	68.33	51.00	340.00	39.29	32.00
Brunei	75.52	80.20	77.80	8.00	21.00	20.00	12.50
Burkina Faso	53.51	55.47	54.47	152.00	560.00	16.48	13.85
Chad	47.52	50.32	48.89	173.00	1,200.00	8.47	7.69
Comoros	58.91	61.61	60.23	83.00	340.00	17.00	12.82
Djibouti	55.75	58.61	57.15	93.00	300.00	12.26	9.09
Egypt	70.86	74.70	72.73	24.00	82.00	45.45	25.45
Eritrea	58.29	62.93	60.56	72.00	280.00	26.53	33.33
Gambia, The	56.71	59.03	57.84	106.00	400.00	18.46	28.57
Guinea	51.65	54.77	53.17	133.00	680.00	24.00	26.09
Guinea-Bissau	45.86	48.84	47.31	165.00	1,000.00	11.29	9.09
Indonesia	66.89	70.13	68.47	35.00	240.00	33.96	31.43
Iran	70.70	74.38	72.49	27.00	30.00	38.64	49.15
Iraq	64.49	71.87	68.09	39.00	75.00	9.30	10.71
Jordan	71.81	74.56	73.15	22.00	59.00	21.43	25.32
Kazakhstan	63.60	73.50	68.43	30.00	45.00	28.57	23.73
Kuwait	73.63	75.39	74.49	11.00	9.00	15.38	–12.50
Kyrgyz	65.20	73.20	69.10	33.00	81.00	29.79	NA
Lebanon	70.12	74.44	72.23	11.00	26.00	42.11	27.78
Libya	72.03	77.19	74.55	18.00	64.00	33.33	13.51
Malaysia	71.62	76.07	73.79	7.00	31.00	36.36	20.51
Maldives	75.16	77.28	76.20	14.00	37.00	73.58	66.36
Mali	49.50	51.63	50.54	182.00	830.00	14.95	15.31
Mauritania	56.29	59.64	57.92	113.00	550.00	4.24	14.06

(continued)

**Table 10.5** (continued)

Country	LEB male 2009	LEB female 2009	LEB total 2009	CMR 2009	MMR 2008	Reduction (in %) in CMR (2000–2009)	Reduction (in %) in MMR (2000–2008)
Morocco	69.39	73.90	71.59	36.00	110.00	32.08	31.25
Niger	53.37	54.29	53.82	134.00	820.00	37.96	25.45
Nigeria	50.19	51.75	50.95	138.00	840.00	26.60	14.29
Oman	70.85	75.27	73.00	10.00	20.00	54.55	25.93
Pakistan	64.10	65.85	64.96	76.00	260.00	20.00	23.53
Qatar	78.29	77.57	77.94	8.00	8.00	38.46	27.27
Saudi Arabia	72.56	74.76	73.63	11.00	24.00	49.54	14.29
Senegal	57.65	59.67	58.63	74.00	410.00	43.08	26.79
Sierra Leone	46.37	47.58	46.96	194.00	970.00	19.50	25.38
Somalia	49.11	52.23	50.63	108.00	1,200.00	40.00	NA
Sudan	59.08	62.57	60.79	89.00	750.00	14.42	2.60
Syrian	74.07	77.12	75.56	16.00	46.00	30.43	20.69
Tajikistan	63.78	70.32	66.97	68.00	64.00	28.42	46.67
Tunisia	72.50	76.50	74.45	18.00	60.00	40.00	27.71
Turkey	71.19	75.77	73.42	18.00	23.00	47.21	41.03
Turkmenistan	60.72	69.00	64.76	55.00	77.00	22.54	18.95
UAE	75.50	77.34	76.40	7.00	10.00	41.67	33.33
Uzbekistan	64.69	70.99	67.76	51.00	30.00	16.39	–3.45
Yemen	63.16	66.10	64.59	80.00	210.00	19.19	38.24

Data source: World Bank

highest LEB: 70.3 years in Azerbaijan) have consistently high LEB. In MMCs in South Asia, Afghanistan has the lowest LEB of 47.9 years, whereas Maldives has the highest LEB of 76.2 years. Other two MMCs in South Asia have moderately high LEB (Bangladesh: 68.33 years, Pakistan: 64.97 years). MMCs in Sub-Saharan Africa have consistently low LEB (lowest LEB: 46.97 years in Sierra Leone; highest LEB: 60.6 years in Sudan). It can be mentioned that in all MMCs in Sub-Saharan Africa LEBs are lower than that of all other MMCs except Afghanistan. Overall, the average LEB of 65.3 years in MMCs is lower than the world average of 67.2 years, and also lower than the average LEB of 66.8 years in low and middle income countries. Like all other parts of the world the female LEB is higher than male LEB across all MMCs except Qatar where male LEB (78.3 years) is slightly higher than the female LEB (77.6 years). It is worth noting that high child mortality rates impacts the LEB. All MMCs with high CMR have low LEB (Table 10.5). The correlation analysis between LEB and CMR shows a very strong and significant negative relationship ( $r = -0.967$ ,  $p\text{-value} = 0.000$ ), indicating that under-five mortality influence the LEB considerably, and needs to be addressed.

Under-5 mortality rate is considered to be a very important health indicator by the UNDP, WHO and World Bank. Data (Table 10.5) show that average child mortality rate (CMR) of 63.6 per 1,000 children in MMCs in 2009 is lower than the world average of 66.0. MMCs in all regions have average CMR lower than the world average,

**Table 10.6** Total fertility rate (TFR) and child mortality rate (CMR) in MMCs

Fertility rates	Under-5 mortality rates			Total
	Up to 33	33.01–66.0	>66.0	
Up to 2.3	8	3	0	11
≥2.31	12	4	20	36
Total	20	7	20	47

*Data source:* Extracted and summarized from World Bank Data

with widely varied rates across regions and MMCs, though. MMCs in South-East Asia have the lowest average CMR (16.7; Table 10.6, Column 2) followed by that of West Asia (20.7), North Africa (36.2), Central Asia (47.7), South Asia (62.0), and Sub-Saharan Africa (128.0). Average CMR of 128.0 in Sub-Saharan Africa (lowest 89.0 in Sudan; highest 194.0 in Sierra Leone) is almost double the world average (66.0). CMR in all MMCs in Sub-Saharan Africa are higher than all other MMCs, except Afghanistan, and are rightly included in the MDGs. Now the question is how have these MMCs done in achieving the MDG targets.

The MDG 4A aims to reduce under-5 mortality by two-thirds or 66 % between 1990 and 2015 that converts to a possible reduction of 24 % over the period of 2000–2009.<sup>17</sup> Table 10.5 (Column 7) represents the percentage decline in CMR between 2000 and 2009. It is seen that MMCs in all the regions except sub-Saharan Africa achieved, on average, the approximate target of 24 % reduction in under-5 mortality rate. Average reduction in CMR of MMCs in Sub-Saharan Africa is found to be 21.4 % against the target of 24 %. In total 18 out of 47 MMCs failed to achieve the targeted 24 % CMR reduction during the period (2000–2009). Despite very high CMR in all Sub-Saharan MMCs, eight MMCs<sup>18</sup> (out of 15) are trailing, some severely, in achieving the targeted reduction of 24 % between 2000 and 2009. Other six MMCs achieved the target of 24 % reduction during the study period of 2000–2009 with Niger (37.9 % reduction), Somalia (40 % reduction), and Senegal (43.1 % reduction) achieving tremendous success in reducing under-5 mortality. All MMCs in Central Asia except Turkmenistan (with 22.3 % reduction) achieved the targeted rate reduction during the study period in varying degrees (from 28.4 to 29.8 %). Five<sup>19</sup> of the 13 MMCs in west Asia fell behind in fulfilling the targeted reduction of CMR by 24 %. Brunei is the only South-East Asian country which fell short (with 20 % reduction) in achieving the targeted reduction in the CMR during the period. Out of four MMCs in South Asia two (Afghanistan: 21.2 % reduction, and Pakistan: 20 % reduction) failed

<sup>17</sup> MDG goal of reducing under-5 mortality rate by two-thirds or 66 % in 25 years (between 1990 and 2015) is equivalent to 2.64 % per year on average. This gives a reduction of around 24 % in 9 years (between 2000 and 2009) of the study period considered in this analysis.

<sup>18</sup> Mauritania: 4.2 % reduction in CMR during 2000–2009, Chad: 8.5 %, Guinea-Bissau: 11.3 %, Djibouti: 12.3 %, Mali: 14.9 %, Burkina-Faso: 16.7 %, Comoros: 17 %, Gambia: 18.5 %, and Sierra Leone: 19.5 %.

<sup>19</sup> Iraq: 9.3 % reduction in the CMR during 2000–2009, Kuwait: 15.4 %, Bahrain: 16.7 %, Yemen: 19.2 %, and Jordan: 21.4 %.

to achieve the CMR reduction target. Finally, Sudan (with 14.4 % reduction) is the only North African MMC which failed to achieve the targeted reduction between 2000 and 2009. It is worth noting that failure of Bahrain, Brunei, and Kuwait in achieving the targeted CMR reduction during 2000–2009 is not significant because, these MMCs had reasonably low CMRs in 2000.

Data on total fertility rate (TFR) reveal that the average TFR of 3.64 in MMCs is 40 % higher than the world average of 2.6, and around 60 % higher than the global replacement fertility rate (RFR)<sup>20</sup> of 2.3. TFR is often claimed to be associated with CMR. To analyze this hypothesized relationship, child mortality rates (CMRs) and TFRs in MMCs are grouped into categories (TFR into two groups<sup>21</sup>; and CMR into three groups<sup>22</sup>) and summarized in a two-way table (Table 10.6). Table 10.6 shows that a total of 27 out of 47 MMCs have CMR less than the global average of 66, whereas 20 MMCs have CMR more than the global average. In terms of TFR, only eleven<sup>23</sup> MMCs have fertility rates less than or equal to the replacement fertility rate (RFR), and the other 36 MMCs have fertility rate greater than the average world RFR. All MMCs in Sub-Saharan Africa have very high fertility rates. Table 10.6 also shows that countries with low fertility rates also have lower child mortality rates than the countries with high fertility rates. Correlation analysis reaffirms this relationship. Data on MMCs show a strong and significant positive relationship ( $r=0.856$ ,  $p\text{-value}=0.000$ ) between the under-5 mortality rate (CMR) and the total fertility rate (TFR). High child mortality causes high fertility rate which, in turn, has multifaceted effects on overall human health, e.g. reduction of LEB, burden on reproductive health, high maternal mortality, and burden on health services etc. Thus, understanding the reasons behind the failure and undertaking necessary remedies both are essential steps in reducing CMR and TFR.

Maternal mortality ratio (MMR) (estimate of maternal mortality per 1,00,000 live births) is another important indicator of health condition of a country. Average MMR per 1,00,000 live births of 314.6 (Table 10.7, column 4) in MMCs is higher than the estimated world average of 214. Region-wise, MMRs in Central Asia (55.8), West Asia (43.0), and South-East Asia (97.3) are much lower than the world average; while South Asia (509.25) and Sub-Saharan Africa (692.0) have much higher average MMR than the world average. A total of 16 MMCs have high MMR (defined as  $\text{MMR} \geq 300$  maternal deaths per 1,00,000 live births)—of which three in Sub-Saharan Africa and one in Asia have extremely high MMRs ( $\geq 1,000$  maternal deaths per 1,00,000 live births).<sup>24</sup> Twelve MMCs (11 out of 15 in Sub-Saharan

<sup>20</sup> Replacement fertility is the number of children per women which the global population growth would tend toward zero. Globally, replacement fertility rate is 2.3.

<sup>21</sup> TFR is grouped into two categories. The first category includes up to the global replacement fertility rate of 2.3 and the second category includes the rest.

<sup>22</sup> The first two CMR categories are created by dividing the world average CMR of 66 into two groups (up to 33 and 33.01–66), the third category includes the rest.

<sup>23</sup> Azerbaijan, Bangladesh, Brunei, Indonesia, Iran, Kuwait, Lebanon, Maldives, Tunisia, Turkey, and UAE.

<sup>24</sup> Afghanistan (MMR: 1,400), Chad (MMR: 1,200), Somalia (MMR: 1,200), and Guinea-Bissau (MMR: 1,000).



**Table 10.7** CMRs and MMRs in MMCs: Regional Variations and Progression in 2000–2009

Region	Average (and SD) CMR 2009	CMR decline (in %) between 2000 and 2009	Average (and SD) MMR 2008	MMR decline (in %) between 2000 and 2008
Central Asia	47.7 (14.2)	25.8	55.8 (21.2)	20.2
West Asia	20.7 (19.9)	32.6	43.0 (54.0)	24.5
South-East Asia	16.7 (15.9)	30.1	97.3 (123.6)	21.5
South Asia	62.0 (39.4)	38.5	509.2 (607.5)	36.0
North Africa	36.2 (26.9)	32.6	197.7 (271.6)	19.1
Sub-Saharan Africa	128.0 (39.5)	21.4	692.0 (315.7)	17.4
Total	63.6 (54.2)	28.5	314.6 (384.8)	21.8

*Data source:* Extracted and computed from World Bank Data

Africa, and Bangladesh in South Asia) are found to have high MMR.<sup>25</sup> It is worth noting that, discounting the war-torn Afghanistan, Bangladesh has the highest MMR (340) outside sub-Saharan Africa, which is 59 % higher than the world average. The fact may be directly related to the availability of the lowest percentage of birth attended by skilled health staffs (24.4 %) among MMCs.<sup>26</sup> Bangladesh needs to do a lot to catch up with other MMCs in this respect (discussed later).

The fifth goal of the MDG aims to improve maternal health by reducing the MMR by 75 % between 1990 and 2015. This reduction over a 25-year period corresponds to 24 % reduction during a period of 8 years between 2000 and 2008. Table 10.5 (Column 8) represents the percentage decline in MMR during 2000–2008. Data are available for 45 MMCs (not for Kyrgyzstan and Somalia). Twenty-four MMCs found to have achieved the targeted 24 % reduction during 2000–2008, while the other 21 MMCs<sup>27</sup> have not.<sup>28</sup>

Public health care facilities usually purport to provide healthcare to common masses, and thus high public spending may be important for improving health condition of a country. Private health care facilities, accessible to minority of the population, may not influence the common health indicators significantly. Since any measure to improve health or any other socio-economic indicator takes some time to show effects, average expenditure during 2000–2009 and related health indicators

<sup>25</sup> Sierra Leone (970), Nigeria (840), Mali (830), Niger (820), Sudan (750), Guinea (680), Burkina-Faso (560), Mauritania (550), Senegal (410), Gambia (400), Bangladesh (340), Comoros (340), and Djibouti (300).

<sup>26</sup> The lower figures are only in Chad and Sudan (23 % in each), and Yemen (24 %), see Table 10.11.

<sup>27</sup> 8 from sub-Saharan Africa (Chad: 7.7 %, Djibouti: 9.1 %, Guinea-Bissau: 9.1 %, Comoros: 12.8 %, Nigeria: 14.3 %, Burkina-Faso: 13.8 %, Mauritania: 14.1 %, and Mali: 15 %), 1 from South Asia (Afghanistan: 22.2 %), 2 from South-East Asia (Brunei: 12.5 %, and Malaysia: 21.5 %), 3 from North Africa (Sudan: 2.6 %, Libya: 13.5 %, and Algeria: 14.3 %), 6 from West Asia (Kuwait: –12.5 %, Iraq: 10.7 %, Saudi Arabia: 14.3 %, Bahrain: 17.4 %, Turkey: 19 %, and Syria: 20.7 %), and 1 from Central Asia (Uzbekistan: –3.5 %).

<sup>28</sup> The MMRs in Kuwait (9) and Uzbekistan (30) are very low, but increased a bit (–12.5 % and –3.45 %) during 2000–2008.

**Table 10.8** Regional average of selected health indicators

Region	Average public health spending 2000–2009 (% of total health expenses)	Average under-5 mortality 2000–2009	Average MMR 2000–2009	Average contraceptive prevalence 2000–2009 (% of women ages 15–49)	Average TFR 2000–2009
Central Asia	41.8602	49.4083	62.8889	50.8472	2.6225
West Asia	61.2709	22.0685	51.4872	49.1389	3.0859
South-East Asia	59.6093	16.6033	114.6667	57.1714	2.4563
South Asia	36.0767	66.1400	587.4167	33.6063	3.9760
North Africa	49.7662	36.4833	208.7778	50.6133	2.9650
Sub-Saharan Africa	44.0959	99.3433	755.5556	11.8022	5.6711
Total	49.7121	55.4630	347.3688	34.2257	3.8719

*Data source:* Extracted and computed from World Bank Data

are used here to investigate the effects of public spending on selected health indicators. Average public spending on health is the highest in West Asia (61.3 % of the total health expenses) followed by Southeast Asia (59.1 %), North Africa (49.1 %), sub-Saharan Africa (44.1 %), Central Asia (41.9 %), and South Asia (36.1 %) (Table 10.8). Data also show that the higher the public health expenses the lower the under-5 mortality rate except in sub-Saharan Africa. MMCs in sub-Saharan Africa have higher percentage of public spending on health than those in South Asia but have higher child mortality rate (CMR) and maternal mortality ratio (MMR) than the latter group. Higher CMR and MMR in sub-Saharan Africa may have resulted from other causes like health epidemics, political instability, and civil strife, etc. associated with geography and climate, in general (see Hasan & El Jaouhari, 2012).

Table 10.9 presents country-wise data on average public expenses on health and the related health indicators, and shows that in 11 MMCs (Afghanistan, Azerbaijan, Bangladesh, Morocco, Nigeria, Pakistan, Sierra Leone, Sudan, and Tajikistan) public health expense is less than or equal to one-third of the total health expenditure. In three MMCs (Azerbaijan, Morocco, and Tajikistan), the public expense on health is less than many other MMCs, but the health conditions are better (i.e. lower CMR—child mortality rate; and MMR—maternal mortality ratio). This exception might be explained by higher literacy rate, and better socio-economic conditions, in general, in these three MMCs. In ten (Brunei, Algeria, Djibouti, Kuwait, Mauritania, Oman, Qatar, Saudi Arabia, Turkey, and UAE) of the 46 MMCs (data are not available from Somalia) public spending on health is two-thirds or more of the total health expenses. As usual, as reflected by CMR and MMR, in eight of these ten MMCs mass population gets direct benefit of higher public expenditure on health. In the other two MMCs (Djibouti and Mauritania), higher public expenses do not seem to translate into better public health conditions. The reason might be that the higher percentage of total health expense does not necessarily mean adequate, because of their poor economic condition, the inefficiency in health-care service delivery, the high prevalence of HIV

**Table 10.9** Average health spending and selected health indicators (2000–2009)

Country	Average public health spending (% of total health expenses)	Average CMR	Average MMR	Average contraceptive prevalence (% of women ages 15–49)	Average TFR
Afghanistan	24.05	107.24	1,566.67	14.04	7.07
Algeria	78.93	36.90	126.67	60.80	2.46
Azerbaijan	16.88	50.24	47.00	53.87	2.10
Bahrain	68.35	9.91	21.00	NA	2.63
Bangladesh	36.40	53.94	420.00	55.08	2.67
Brunei	83.97	7.02	22.67	NA	2.21
Burkina Faso	51.85	109.90	603.33	15.60	6.06
Chad	44.92	118.16	1,233.33	5.35	6.39
Comoros	55.54	74.05	363.33	25.70	5.20
Djibouti	70.61	82.68	316.67	16.43	4.29
Egypt	41.20	28.93	94.00	58.90	3.03
Eritrea	46.92	58.18	343.33	8.00	4.98
Gambia, The	47.09	73.01	473.33	13.50	5.31
Guinea	14.98	106.08	793.33	7.80	5.66
Guinea-Bissau	26.37	114.81	1,066.67	8.95	5.50
Indonesia	45.59	35.23	286.67	57.17	2.30
Iran	43.53	29.73	42.33	75.33	1.89
Iraq	56.68	34.68	80.33	46.65	5.02
Jordan	54.71	22.32	68.00	57.40	3.74
Kazakhstan	56.40	34.21	49.67	50.70	2.23
Kuwait	78.18	10.30	8.67	NA	2.34
Kyrgyz Republic	43.92	38.98	80.00	47.80	2.61
Lebanon	41.47	20.44	30.33	59.57	2.03
Libya	63.83	18.54	68.67	NA	2.87
Malaysia	49.27	7.56	34.67	NA	2.86
Maldives	57.21	26.10	66.33	36.85	2.26
Mali	45.01	125.08	896.67	8.15	6.61
Mauritania	70.63	84.09	593.33	8.65	4.91
Morocco	31.00	39.71	133.33	63.00	2.47
Niger	53.73	103.20	943.33	12.60	7.32
Nigeria	31.09	113.26	906.67	13.97	5.72
Oman	81.04	13.13	23.00	31.70	2.85
Pakistan	26.65	77.28	296.67	28.46	3.90
Qatar	77.58	8.98	9.33	NA	2.74
Saudi Arabia	71.14	17.98	25.67	23.80	3.36
Senegal	46.74	65.74	476.67	11.80	5.22
Sierra Leone	11.87	146.47	1,123.33	5.93	5.43
Somalia	NA	115.44	1,200.00	14.60	6.46
Sudan	30.62	74.91	760.00	7.60	4.92

(continued)

**Table 10.9** (continued)

Country	Average public health spending (% of total health expenses)	Average CMR	Average MMR	Average contraceptive prevalence (% of women ages 15–49)	Average TFR
Syrian	43.74	17.31	51.33	50.07	3.28
Tajikistan	23.34	67.18	86.33	31.22	3.67
Tunisia	53.03	19.91	70.00	62.77	2.04
Turkey	69.71	23.71	30.33	72.33	2.21
Turkmenistan	64.29	55.88	84.67	54.90	2.64
UAE	70.88	8.58	12.33	NA	2.17
Uzbekistan	46.33	49.96	29.67	66.60	2.49
Yemen	39.52	69.82	266.67	25.40	5.85

*Data source:* World Bank Data

epidemic, etc. The correlation analysis reflects an overall moderate negative relationship of public health expenses with both CMR ( $r=-0.58$ ,  $p$ -value=0.000) and MMR ( $r=-0.50$ ,  $p$ -value=0.000). Thus, as expected everywhere else in the world, higher public health expenses seem to have a beneficial effect on the health in MMCs. As the governments are not in a position to allocate higher level of funds, they encourage the third sector to be active in the health sector.

A major health concern in many MMCs is their higher TFR (in many of them TFR is much higher than the RFR—replacement fertility rate). Higher TFR corresponds to low contraceptive prevalence rate (CPR) in MMCs. Contraceptive prevalence rate (% of women ages 15–49 using contraceptives) in MMCs is 34.2 % (Table 10.8, Column 5) which is about 54 % of the world average (63 %). The rate is extremely low in sub-Saharan Africa (11.8 %), and close to the MMC average in the South Asian MMCs (33.6 %). In the other four regions the TFRs are very similar (around 50 %). Geography and literacy rate significantly influence the CPR rates in MMCs (see ElJaouhari & Hasan, 2012). The TFRs in four MMCs (Table 10.9) - Iran (75.3 %), Turkey (72.3 %), Uzbekistan (66.6 %), and Morocco (63 %), are much higher than the world average CPR. The myth of religious influence on low TFR is somewhat spilled by relatively higher TFR in Iran (a conservative Shi'a Muslim majority state), Morocco (a conservative Sunni Muslim majority state), Turkey (a purportedly “secular” MMC), and Uzbekistan (a traditional society with decades of Soviet experience).<sup>29</sup>

Children immunization rate against common childhood diseases, access to reproductive health care services (e.g. birth attended by skilled health personnel),

<sup>29</sup>In fact, some studies, through regression analyses, do not find any robust pattern of coefficients between development and a particular religion, Islam included (Platteau, 2008: 329; Pryor, 2007: 1815); nor there is any support for the contention that “Islam is a drag on growth”—if anything, the results “reinforce the notion that the impact of Islam is positive” (Noland, 2005: 1222). Also see, Hasan (2012).

**Table 10.10** Regional average of selected health care services in MMCs (2009)

Region	% of birth attended by skilled health staffs	% of children immunized for DPT	% of children immunized for Measles	% of people with access to improved sanitation	% of people with access to safe water
Central Asia	94.6	92.2	91.3	94.3	81.2
West Asia	96.5	91.2	89.2	92.3	92.7
South-East Asia	91.3	92.0	92.0	76.5	91.5
South Asia	46.6	85.5	84.0	55.7	81.5
North Africa	73.2	94.8	93.8	78.2	83.2
Sub-Saharan Africa	47.7	75.6	70.9	27.6	65.3
Total	75.1	86.4	83.9	65.2	79.9

*Data source:* Extracted and computed from World Bank Data

improved sanitation facilities, and improved water supply are some other important factors that can influence human health. For example, immunization can prevent children from getting common childhood diseases and thus can reduce under-5 mortality; access to skilled health personnel during delivery can prevent most obstetric complications; access to improved sanitation and improved water supply can prevent all common water-related (e.g. Malaria) or water-borne diseases (e.g. Cholera, Typhoid).

The rate of births attended by skilled health personnel in 2009, on average, was higher in MMCs (75.1 %) than the world average (68 %)<sup>30</sup> (Table 10.10). The data also show that in 2009 only in two geographic regions (South Asia and sub-Saharan Africa), MMCs had on average, lower (around 47 %) than the world average births attended by skilled health personnel. In the rest of the regions the rate was much higher—between 91 % and 97 % in MMCs in Central Asia, Southeast Asia, and West Asia, and 73 % in North Africa. In 11 MMCs the rate is almost 100 %—two in Southeast Asia (Brunei and Malaysia), and nine in Central and West Asia<sup>31</sup> (Table 10.11). The poorest performers on this indicator (less than one-third births attended by skilled health personnel) are three MMCs in Africa (Chad, Niger, and Sudan), Afghanistan, Yemen, and Bangladesh. MMCs in sub-Saharan Africa show low performance on other health-related indicators as well. For example, percentage of immunization in sub-Saharan Africa is lagging behind (DPT: 75.6 % and Measles: 70.9 %) the global average of 82 %.<sup>32</sup> In the other five MMC regions, the immunization rates are above the global average and are very close to the MDG target of 90 % immunization by 2015.<sup>33</sup>

<sup>30</sup> Ref: [http://www.who.int/gho/maternal\\_health/skilled\\_care/skilled\\_birth\\_attendance\\_text/en/](http://www.who.int/gho/maternal_health/skilled_care/skilled_birth_attendance_text/en/)

<sup>31</sup> Kazakhstan, Turkmenistan, and Uzbekistan; and Jordan, Kuwait, Lebanon, Oman, Qatar, and the UAE.

<sup>32</sup> Ref: <http://www.cdc.gov/mmwr/preview/mmwrhtml/mm5942a3.htm>

<sup>33</sup> Ref: <http://rih.stanford.edu/kane/resources/GAVI%20and%20MDGs.pdf>

**Table 10.11** Selected healthcare service indicators in MMCs

Country	% of birth attended by skilled health staffs (in 2008/2009)	% of children immunized for DPT in 2009	% of children immunized for Measles in 2009	% of people with access to safe water in 2009	% of people with access to improved sanitation in 2009
Comoros	NA	83.00	79.00	95.00	35.00
Djibouti	NA	89.00	84.00	91.00	61.00
Eritrea	NA	99.00	95.00	60.00	13.00
Libya	NA	98.00	98.00	NA	97.00
Somalia	NA	42.00	43.00	29.00	23.00
Chad	23.00	51.00	49.00	49.00	11.00
Sudan	23.00	81.00	82.00	56.00	23.00
Afghanistan	24.00	63.00	60.00	54.00	28.00
Yemen	24.00	86.00	69.00	55.00	52.00
Bangladesh	24.40	96.00	98.00	83.00	53.00
Niger	32.90	71.00	69.00	49.00	10.00
Nigeria	38.90	63.00	64.00	60.00	31.00
Sierra Leone	42.40	86.00	78.00	56.00	13.00
Pakistan	43.00	85.00	80.00	91.00	46.00
Guinea-Bissau	44.00	76.00	61.00	68.00	18.00
Guinea	46.10	57.00	51.00	73.00	18.00
Mali	49.00	73.00	60.00	62.00	21.00
Gambia	57.00	99.00	99.00	89.00	68.00
Mauritania	60.90	64.00	59.00	50.00	26.00
Senegal	65.00	86.00	79.00	72.00	50.00
Burkina Faso	66.00	95.00	94.00	76.00	17.00
Morocco	74.00	99.00	98.00	82.00	70.00
Indonesia	75.00	82.00	82.00	83.00	57.00
Egypt	78.90	97.00	95.00	99.00	95.00
Iraq	79.70	67.00	80.00	84.00	82.00
Tajikistan	83.00	93.00	89.00	65.00	95.00
Azerbaijan	88.00	73.00	67.00	80.00	82.00
Maldives	95.00	98.00	98.00	98.00	96.00
Tunisia	95.00	99.00	98.00	95.00	89.00
Turkey	95.00	96.00	97.00	99.00	90.00
Algeria	95.20	95.00	92.00	84.00	95.00
Syrian	96.00	80.00	82.00	90.00	94.00
Bahrain	97.00	98.00	99.00	100.00	99.00
Iran	97.00	99.00	99.00	95.00	98.00
Saudi Arabia	97.00	98.00	98.00	97.00	100.00
Kyrgyzstan	97.60	95.00	99.00	89.00	93.00
Lebanon	99.00	74.00	53.00	100.00	NA
Malaysia	99.00	95.00	95.00	100.00	96.00

(continued)

**Table 10.11** (continued)

Country	% of birth attended by skilled health staffs (in 2008/2009)	% of children immunized for DPT in 2009	% of children immunized for Measles in 2009	% of people with access to safe water in 2009	% of people with access to improved sanitation in 2009
Oman	99.00	98.00	97.00	91.00	97.00
Jordan	99.10	98.00	95.00	96.00	98.00
Turkmenistan	99.50	96.00	99.00	71.00	99.00
Uzbekistan	99.90	98.00	95.00	87.00	100.00
Brunei	100.00	99.00	99.00	NA	NA
Kazakhstan	100.00	98.00	99.00	95.00	97.00
Kuwait	100.00	99.00	99.00	99.00	100.00
Qatar	100.00	99.00	99.00	100.00	100.00
UAE	100.00	93.00	93.00	100.00	98.00

*Data source:* Extracted from World Bank Data

**Table 10.12** Selected health services and health indicators: correlation analyses

	LEB	MMR	CMR
Birth attended by skilled staff (%)	0.828*	-0.886*	-0.804*
Immunization rate DPT (%)	0.671*	-0.744*	-0.604*
Immunization rate Measles (%)	0.698*	-0.735*	-0.654*
Access to improved sanitation (%)	0.893*	-0.863*	-0.884*
Access to improved water (%)	0.792*	-0.807*	-0.756*

\* $p$ -value = 0.000

Many MMCs, especially those in sub-Saharan Africa, are falling far behind (with only 27.6 % coverage) in the MDG target of 75 % coverage in improved sanitation by 2015. Three MMCs in South Asia (Afghanistan: 28 %, Bangladesh: 53 %, and Pakistan: 46 %) are also lagging behind the MDG target of achieving 75 % sanitation coverage by 2015.<sup>34</sup> The other four regions have already exceeded the MDG target of improved sanitation coverage. Finally, the MDG target of 88 % coverage for the access to “improved water” has already been achieved or is likely to be achieved by 2015 by most MMCs, except MMCs in sub-Saharan Africa (with 65.3 % coverage, on average) (see Chap. 9).

In short, data show that almost all MMCs in sub-Saharan Africa and a few in South Asia lag behind in key health service indicators like “percentage of birth attended by skilled health staff,” “immunization coverage,” “access to improved sanitation,” and “access to safe drinking water.” Correlation analyses (Table 10.12) reveal that all five selected health service indicators have moderate to strong and significant positive relationship with LEB, and moderate to strong and significant negative relationship with maternal mortality rate (MMR) and child mortality rate (CMR). Thus “percentage

<sup>34</sup> Ref: [http://www.who.int/water\\_sanitation\\_health/mdg1/en/](http://www.who.int/water_sanitation_health/mdg1/en/)

of birth attended by skilled health personnel,” “immunization coverage,” “access to improved sanitation,” and “access to safe drinking water” are found to be influential factors of population health in MMCs, and should be given more importance in the health services programs.

In fact, the third sector in these MMCs offers many health care services related to the above health quality indicators and MDGs. The discussions on the third sector and their activities (Chap. 6) show that Bangladesh and Indonesia have the highest TSO density. As a result, it seems these two MMCs have higher achievements in selected indicators discussed here (Box 10.4). On the contrary, the achievement in Niger and Senegal is much less, possibly because of the lower TSO density in these two MMCs (Box 10.5; see Chap. 6).

#### **Box 10.4 Bangladesh and Indonesia: Strong Achievers in Human Health Quality Indicators**

Between 1990 and 2009, Bangladesh made extraordinary improvements in almost every indicator of health. Life expectancy at birth (LEB) rose by 5 years, from 64 to 69 (i.e. 4 or 5 years more than other countries in South Asia). Child mortality rate (CMR) decreased by 39 % to 54 per thousand in 2009 (from 86 in 2000)—13 % less than the corresponding South Asian average (62 per 1,000), and 58 % less than the sub-Saharan average of 128 deaths. Over the same period maternal mortality ratio (MMR) fell by one-third to 340 (from 500 per 1,00,000 births in 2000) achieving a 33 % lower figure than the corresponding South Asian Average (510 per 1,00,000 births), and less than half that of MMCs in sub-Saharan Africa (692). TFR also fell, during the above period, by 51 % to 2.30 in 2009. Tremendous success in these key health indicators in Bangladesh, on the face of a modest economic or income growth, can be attributed to (1) government’s support of the voluntary family planning program; (2) growth in the readymade garments sector employing 80 % female workers; (3) remittance from abroad sent by six million Bangladeshis. However, the success is resulted by the contributions of the third sector, particularly by the programs offered by the BRAC or the microcredit institutions like the Grameen Bank (discussed in Chaps. 6, 7, and 8).

Indonesia achieved very fast growth in all aspects of human development including health. Life expectancy at birth is 68.47 years (70.13 for female and 66.89 for male). Child mortality rate (CMR) in Indonesia declined by 34 % to 38 in 2009, and maternal mortality ratio (MMR) fell by 21 % from 240 in 2009. Primary immunization coverage exceeded 82 %. Like every other sector, achievements in health in Indonesia are due to government commitment to improve public, children, and maternal health, as reflected through the allocation of resources for health care; access to professional care during pregnancies and childbirth; and increasing access to quality family planning services and information.

(continued)



**Box 10.4** (continued)

The third sector in Indonesia, like in Bangladesh, played important roles in empowering women, creating grass-roots level awareness about maternal and child health, offering services to the remote areas, and in involving various local level stakeholders in target identifying and program monitoring. All these third sector activities contributed the achievements in the health sector in Indonesia like in Bangladesh.

**Box 10.5 Niger and Senegal: Lagging behind in achieving MDGs in Health**

Niger is far behind in achieving the MDGs in human health indicators, like in other components of human development. Its life expectancy at birth (LEB) increased to 54 years in 2009 (from 48 in 2000), but is still much below the world average of 65 years. Both child mortality rate (CMR; 128 per 1,000 births) and maternal mortality ratio (MMR; 820 per 1,00,000 births) are higher than the corresponding sub-Saharan African average, and more than double the corresponding world average (of 64 and 314, respectively). Niger's total fertility rate TFR of (7.32) is the highest among all MMCs. Only one-third of the population has access to health services, with the vast majority relying on traditional medicine. The health system is mainly funded through external resources which are inadequate and marred by corrupt practices and lack of political commitment. The problem seems to be compounded by the apparent nonexistence of the third sector, as discussed in Chap. 6.

Senegal also does not have much third sector visibility. The result is that it also has low LEB (57.65; with 50.67 for female and 58.63 for male population). Its CMR and MMR are both high (74 and 410, respectively). The good sign seems to be its achievement in reducing the CMR by 43 % and MMR by 26.79 % in the decade under discussion (2000–2009), possibly because higher public investment in the health sector. If examples from other MMCs are to be cited, Niger and Senegal could have done much more with healthier third sector.

**10.4 Concluding Remarks**

Education and health are two major elements of human security and the Millennium Development Goals (MDGs). Islam emphasizes and provides guidelines for both. Education for all (without any discrimination between boys and girls) and good health habits, e.g. cleanliness and good hygiene, are among the fundamental teachings of Islam. MMCs in sub-Saharan Africa, in general, are the worst performers in

almost all criteria for education and health considered in this study, while MMCs in West Asia and South-East Asia are the best performers followed by Central Asia and North Africa. These facts clearly indicate that, climate and geography influence economic and social conditions, and in turn affect education, health, and overall human development in MMCs (see Hasan & El Jaouhari, 2012).

Poor performance of MMCs in education may also have resulted from low investment, poor infrastructure or schooling system, or other socio-economic conditions. Nonetheless, the data analyzed in this study reveal a weak relationship between adult literacy rate and education expenses. Thus, it seems that education in MMCs does not solely depend on public funding, and still remains to be a function of private initiative. Low physical accessibility, lack of private toilet facilities, or religious prejudice may also be reasons for low level of educational attainment, especially in some MMCs in sub-Saharan Africa where the girls' participation in primary and secondary education is lower than the boys. Economic or family reasons may keep children away from the schools because many children need to supplement the family income or even earn the living, and the girls have to collect water. Lack of good toilet facilities also keep girls away from schools (see Chap. 9).

Many MMCs in Africa and Asia have done reasonably well in achieving the MDG targets in education, but are behind in achieving the health-related targets. Most MMCs in sub-Saharan Africa and some in South Asia are lagging behind the global average and in the corresponding MDG targets of the LEB, MMR, CMR or TFR. Correlation analyses show that inadequate public investment, inadequate access to basic health facilities and lack of education are related to poor health conditions in MMCs. Again, religious prejudice, socio-economic status, or inefficiency of the health sector might be other possible reasons for lower performance in many indicators of good health. Interpretation of some religious injunctions may also affect health behavior and treatments, especially among Muslim women.<sup>35</sup> Individuals with high socioeconomic status accept responsibility for their health, while some with low socioeconomic status tend to believe that diseases are caused by factors not under their control, for example, "an evil spirit infusing their body," or God's will, or misfortune. Not only women, men in countries like Turkey believe that health is under the control of external causes such as luck.<sup>36</sup> The health sector seems to be burdened with low consciousness of the people concerned. Situation is better where the third sector is stronger.

All these phenomena indicate significant role of the third sector in education in MMCs. Discussions in Chap. 6 reveal that Bangladesh and Indonesia have the largest TSO density in MMCs, and that Niger and Senegal have the thinnest density. This chapter, judging by selected criteria, shows that the first two MMCs have done very well in education and health, the last two the opposite. The analyses also showed that there is no conclusive relationship between public investment and

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<sup>35</sup> Who often do not seek medical guidance, for example, for genital health (because of guilty feeling, or embarrassment, or considering these "health problems as a punishment they deserve") even in countries like Turkey (Bahar et al., 2005).

<sup>36</sup> The ideas and data in this paragraph and the quotations are from Bahar et al., 2005.

achievement in education and health indicators. Thus better performance in education and health sectors by Bangladesh and Indonesia, with the highest density of TSO and best third sector capability score (see Chap. 12) is revealing, and demands further analyses.

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# Chapter 11

## Decent Work for Human Security in Muslim Majority Countries (MMCs)

Mohammad Zulfan Tadjoeeddin

### 11.1 Introduction

The chapter is built upon a premise that work for human security would be best viewed from the International Labour Organization's (ILO) decent work perspective. In developing countries, as the majority of the 47 Muslim Majority Countries (MMCs) in Asia and Africa are categorized, the availability of work per se simply cannot be treated as a step toward human security. This is because in a poor society, in most cases people cannot afford to be unemployed. In this context, then, the notions of working poor and vulnerable employment enter the picture. These are not decent and far from fulfilling the idea of 'freedom from want'. This chapter examines human security in MMCs with a focus on work/employment. In addition, snapshots from several MMCs are added to enrich the discussion.

The link between the core ILO's mission and human security is more than obvious that can be gleaned from the historical document. The 1919 Peace Treaty of Versailles that ended the First World War established the ILO as an agency of the League of Nations to ensure the establishment of universal peace and security through the pursuit of social justice, with the specific purpose of preventing conditions of hardship and injustice to labour.<sup>1</sup> However, the idea of ILO was initially conceived as a response to the ethical considerations about the human cost of the Industrial Revolution a century earlier. Therefore, its core mission is all about human security with a special emphasis on labour.

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<sup>1</sup>The Peace Treaty of Versailles mandated the ILO to deal continually with social challenges that threatened 'conditions of hardship, and privation to large numbers of people so as to threaten or, produce unrest so great that the peace and harmony of the world would be imperiled' (Treaty of Versailles, Pt XIII (28 June 1919) <http://history.sandiego.edu/GEN/text/versaillestreaty/vercontents.html>)

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Work for human security is closely related to the economic security component of human security. Two widely cited examples of threat to economic security are persistent poverty and unemployment. As these two measures are always problematic with regard to situation in developing countries, simply escaping poverty and being employed do not necessarily make people economically secure. This is because the problems are related to how these two measures are operationalized.

First, poverty in developing countries is generally measured in absolute term, employing either the nationally set poverty line or the internationally agreed poverty line. It measures absolute poverty or absolute deprivation. The problem with this measure is that 'the absolute poverty lines have seldom been revised, even in countries where there has been significant economic growth; hence, there has been a steady fall in the share of average per capita income represented by the absolute poverty line, a trend evident in India and China, for instance' (UNDESA 2009: 46). This is in contrast to how poverty is assessed in developed countries, where it is measured from the relative sense. According to the concept of relative poverty, poor is defined in the relative term vis-à-vis the rest of the society. According to this measure, in general, people will be considered poor if their income is less than half of the median income of the whole society.<sup>2</sup>

Second, unemployment is not a good indicator of development progress in developing countries. According to the usually applied definition, a person will escape the status of being unemployed if s/he works for at least an hour during a week before the survey. In the absence of any provisions of social security and unemployment benefit as mostly found in developing countries, being categorically employed does not automatically mean that a person is economically secured. The people's economic security largely depends on the quality of their employment. Furthermore, being employed also does not automatically move a person out from absolute poverty. In this case, the poor simply could not afford to be unemployed creating a group of working poor. While progress related to the reduction in the unemployment rate is not unimportant, more attention should be paid on quality improvement of the employment of those already employed, which means achieving the state of decent work.

The current ILO mission can be summarized as to achieve decent work for all. The concept was officially launched in 1999 in the Report of the Director-General to the International Labour Conference meeting in its 87th Session. According to the ILO, the decent work agenda has four pillars: (1) full and productive employment, (2) rights at work, (3) social protection, and (4) promotion of social dialogue. Then, there are ten substantive elements corresponding to the four pillars of the decent work: employment opportunities, adequate earning and productive work, decent working time, combining work family and personal life, work that should be abolished, stability and security of work, equal opportunity and treatment in employment, safe work environment, social protection and security, social dialogue and workplace relation. The ILO has initiated a pilot project to monitor progress related to decent work indicators in ten countries including Indonesia, the largest MMCs.

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<sup>2</sup> See for example UNDESA (2009) and Foster (1998) for more comprehensive treatment of absolute and relative poverty.

The rest of the chapter proceeds as follows. Section 11.2 provides a situation analysis of employment in MMCs. Section 11.3 discusses key issues and challenges of employment and decent work. Section 11.4 highlights policies and governance in selected MMCs. A brief concluding remark is offered in the last section.

## 11.2 Employment in MMCs: A Situation Analysis

This section highlights several basic employment indicators in MMCs, which include labour force participation, unemployment, formal employment and vulnerable employment. In addition to the traditional geographical grouping, to aid the analysis, MMCs are also grouped into the following categories: (a) high income oil rich, (b) middle income and (c) low income.

### 11.2.1 Labour Force Participation Rate (LFPR)

Labour force participation rate is defined as the proportion of labour force to working age population. The variation of LFPR across MMCs cannot be explained by income level, but by regional grouping. The generally lower level of LFPR in Middle East and North Africa (MENA) is driven by lower LFPR among female population in the region. As can be seen from Table 11.1, there is no significant

**Table 11.1** Labour force participation rate (%), 2010

		Total	Male	Female	Gender gap
		(1)	(2)	(3)	(2)–(3)
	<i>Middle East and North Africa</i>	58.5	80.4	31.8	48.6
1	Algeria	61.3	82.8	39.3	43.5
2	Bahrain	65	86.1	33.5	52.6
3	Djibouti	72.8	79.8	64.1	15.7
4	Egypt	51.7	79.5	23.8	55.7
5	Iran	55.1	76.2	33.5	42.7
6	Iraq	43.1	70.7	14.7	56
7	Jordan	51.9	77.4	24.9	52.5
8	Kuwait	69.9	84	46.7	37.3
9	Lebanon	49.4	75.6	24.7	50.9
10	Libya	55.1	81.8	26.2	55.6
11	Morocco	55.3	83.7	28.3	55.4
12	Oman	57.5	79	26.8	52.2
13	Qatar	85.2	93.5	51.5	42
14	Saudi Arabia	56.1	81.4	22.5	58.9

(continued)

**Table 11.1** (continued)

		Total	Male	Female	Gender gap
		(1)	(2)	(3)	(2)–(3)
15	Syria	52.2	81.7	22.2	59.5
16	Tunisia	53.3	73.9	32.5	41.4
17	Turkey	49.6	73.3	25.5	47.8
18	United Arab Emirates	78.1	92.7	42.7	50
19	Yemen	48	74.5	20.9	53.6
	<i>Sub Saharan Africa</i>	<i>70.9</i>	<i>82.0</i>	<i>60.1</i>	<i>21.9</i>
20	Burkina Faso	85.7	91.3	80.3	11
21	Chad	70.5	77.7	63.4	14.3
22	Comoros	80.8	86	75.6	10.4
23	Eritrea	74.4	84.6	64.6	20
24	Gambia	77.9	84.9	71.1	13.8
25	Guinea	86.3	89.9	82.7	7.2
26	Guinea-Bissau	73.3	85.5	61.3	24.2
27	Mali	52.3	68	39.1	28.9
28	Mauritania	71.7	81.9	61.2	20.7
29	Niger	63.3	87.9	39.4	48.5
30	Nigeria	57.3	74.6	40.1	34.5
31	Senegal	77.6	89.6	66	23.6
32	Sierra Leone	67.3	68	66.7	1.3
33	Somalia	71.8	86.1	57.9	28.2
34	Sudan	53.3	73.9	32.5	41.4
	<i>Central Asia</i>	<i>71.3</i>	<i>78.2</i>	<i>64.6</i>	<i>13.6</i>
35	Azerbaijan	68.1	71.2	65.1	6.1
36	Kazakhstan	76.9	80.7	73.3	7.4
37	Kyrgyzstan	71.1	83.3	59.2	24.1
38	Tajikistan	70.9	81.6	60.6	21
39	Turkmenistan	72.1	77.6	66.9	10.7
40	Uzbekistan	68.4	74.5	62.4	12.1
	<i>South and Southeast Asia</i>	<i>66.6</i>	<i>83.4</i>	<i>48.9</i>	<i>34.5</i>
41	Afghanistan	60.7	85.5	33.8	51.7
42	Bangladesh	73.8	84.9	62.4	22.5
43	Brunei	70.4	77.8	62.6	15.2
44	Indonesia	70.4	87.4	53.4	34
45	Malaysia	64.7	81.6	47.2	34.4
46	Maldives	69.7	79.1	60.2	18.9
47	Pakistan	56.3	87.8	22.9	64.9

Source: ILO (2010)

differences in LFPR among male population across regions, but female LFPR in the MENA region is much lower than that of other regions. Although the average figure of female LFPR in South and Southeast Asia (SSEA) region is lower than that of Sub-Saharan Africa (SSA) and Central Asia (CA), it is mainly driven by extremely

low LFPR in Afghanistan and Pakistan that are close to the level of female LFPR in the MENA region. In short, the extremely low female LFPR in the MENA region, Pakistan and Afghanistan cannot be explained by the Islam factor; it is more about culture and should be placed within a broader discussion on gender inequality as MENA societies have been characterized as patriarchal with gender inequities in economic, political, and social spheres (Moghadam, 2004). Overall, average gender inequality index of the MENA region is 0.47, which is only favourable compared with low-income countries (0.61), but it is lower than the average for middle-income countries (0.32) and the high-income group (0.18) (Salehi-Isfahani, 2013). Another possible explanation for the low women participation rate in the MENA region is high reservation wage, as explained by Ross (2008, 2012). A high reservation wage can also be a consequence of family relations, or the willingness of parents to support their children up to their late twenties.

### 11.2.2 *Open Unemployment Rate*

Open unemployment rate could be simply defined as working age population without job and looking for work as the percentage of total labour force. Table 11.2 provides the average figures of unemployment rate according to income groups, as classified by the World Bank. However, it should be noted that unemployment rate is not a good indicator to monitor development progress in developing countries as most MMCs belong to the group. In this case, a lower unemployment rate does not necessarily reflect a better economy (higher income). In the largest MMCs, Indonesia, for example, Tadjoeiddin (2013a) finds that progress related to the quality of employment such as share of formal employment, real wage and social security coverage is hardly noticeable, if not stagnant, although unemployment rate has steadily declined in recent years.

### 11.2.3 *Formal Employment*

In general, the way formal employment is differentiated from informal employment is based on employment status, which in most cases includes employees, employers, own-account workers and contributing family/unpaid workers. The most generic definition of formal employment comprises employees and employers.

**Table 11.2** Unemployment in MMCs by income group, 2008 (or latest available)

Income group	Unemployment rate
High	2.7
Upper middle	8.6
Lower middle	10.0
Low	6.7

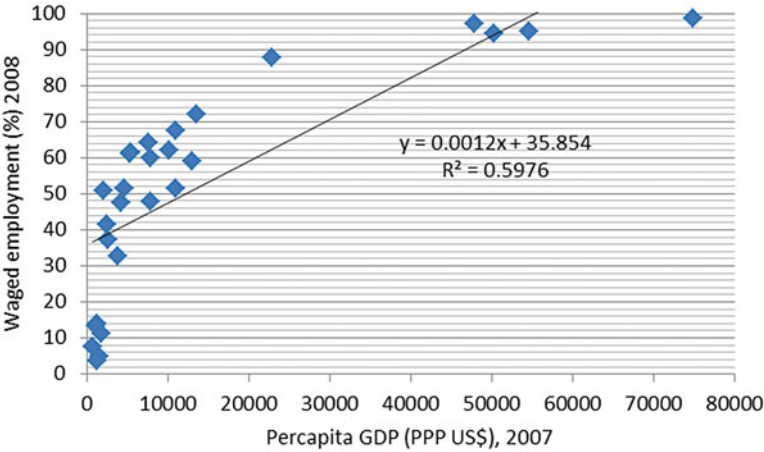
Source: Calculated from ILO Labour Statistics (<http://laborsta.ilo.org>)



**Table 11.3** Waged employment, per capita GDP and share of manufacturing in MMCs

Income group	Waged employment (as % total employment) 2008	Per capita GDP (Purchasing Power Parity—PPP US\$), 2007	Manufacturing sector value added (as % total value added in the economy), 2007
High income	94.7	43,285	9.9
Upper middle income	62.0	11,501	14.4
Lower middle income	52.3	4,933	14.7
Low income	20.5	1,428	9.8

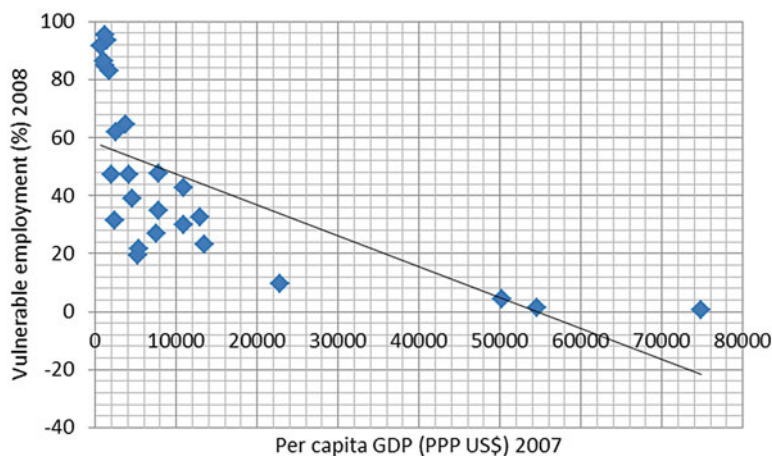
Source: calculated from ILO (2010) and World Development Indicator (WDI)



**Fig. 11.1** Wage employment and per capita GDP. Source: calculated from ILO (2010) and World Development Indicator (WDI)

The employees, or waged employment, form the bulk of the formal employment. Since the way employment status is defined varies across countries, we concentrate on figuring out the share of waged employment to total employment.

The share of wage employment as a proxy for the relative size of formal employment provides a more meaningful picture as an indicator of development progress. Different from the case of declining unemployment rate that concerns those who have managed to escape the status of being unemployed, the expansion of formal employment is about improvement on the quality of employment. The relative size of waged employment has a very strong positive correlation with income; see Table 11.3 and Fig. 11.1. For the sake of simplicity, the scatter plots between waged employment and per capita GDP in Fig. 11.1 is shown in the form of linear regression, although a quadratic relationship seems more appropriate. The point here is the largely positive association between waged employment and income; in fact the positive correlation is even much steeper when income level is under PPP US\$



**Fig. 11.2** Vulnerable employment and per capita GDP. *Source:* calculated from ILO (2010) and World Development Indicator (WDI)

20,000 and relatively flat for higher income. It means that countries with higher income tend to have larger share of formal employment as an indication of a better employment quality.

In low-income countries characterized by tiny shares of waged employment, own account workers and unpaid family workers dominate the total employment. Both categories of employment are also the most vulnerable types of employment. Cross country scatter plots between vulnerable employment and income show a negative association (Fig. 11.2); this is consistent with the above explanation on formal employment.

Based on the three basic employment-related indicators, at this stage, it is safe to argue that work for human security would be best viewed from how formal employment has expanded and to what extent vulnerable employment has shrunk, as these indicators concern with the quality of employment. Movements of the two indicators are consistent with progressions of income level. Furthermore, they are also consistent with the process of structural transformation represented by the share of manufacturing value added in the GDP, at least when we compare low- and middle-income MMCs, as the high-income MMCs are all oil-dependent.

### 11.3 Key Issues and Challenges

In analysing key issues and challenges of work for human security in MMCs, we will use the progressive middle-income MMCs as the benchmark. Three most progressive middle-income MMCs with respect to their socio-economic developments probably are Malaysia, Indonesia and Turkey.

Economically, Malaysia can be considered as the most progressive and successful country among MMCs. Since all high-income MMCs are oil-dependent, Malaysia has the highest per capita GDP (PPP basis) among non-oil-dependent MMCs. Its economy is most diversified with 28 % share of manufacturing in its GDP in 2007 (increased from only 8 % in 1960). Not surprisingly, among the non-oil-dependent MMCs, Malaysia has the largest share of regular waged employment (72 %) indicating the largest proportion of the more secure and decent formal employment.

Although the record of development trajectory in Indonesia is not as impressive as that of its neighbour, Malaysia, the progress has been quite remarkable, especially when it is compared to MMCs in South Asia and Sub Saharan Africa. Between 1970 and 2007, the share of manufacturing value added in Indonesia's GDP increased from 10.3 to 27.1 % and at the same time the share of agriculture declined from 45 to only 13.7 %. For a quick comparative perspective, according to the World Bank data, in 1980, Indonesia's per capita GDP (PPP) was only around 80 % of Nigeria's; but in 2010, it was nearly twice of Nigeria's. Not only that, during the three decade of sustained economic growth until the late 1990s Asian Financial Crisis (AFC) hit the country, Indonesia's average per capita income more than quadrupled, the poverty head count dropped from 70 to only 13 % based on the national poverty line, the infant mortality rate dropped from 159 to 49 per thousand live births and adult illiteracy rate fell from 61 to 14 % (UNDP, 2001).

Despite such impressive records, however, looking from the perspective of work for human security, Indonesia's achievements need to be treated with caution. *First*, in recent years, there has been a stagnant progress with regard to the size of formal employment, at only around a third of total employment, while the share of vulnerable employment is around 64 %. *Second*, in 2010, despite the open unemployment rate was only 7.1 %, there were 46.1 % of Indonesians who lived on less than \$2 a day (PPP); the figure was 18.1 % if the \$1.25 a day (PPP) poverty line is used. This means that the degree of vulnerability to poverty is very high and the proportion of working poor is quite significant. These points validate the argument contending that open unemployment rate is not a good indicator of development progress in developing countries.

Turkey experienced a severe economic and political crisis in 2000/01. In 2001, its GDP contracted by 7.4 %, its inflation soared to 61.6 %, and its currency depreciated by 51 %. Because of the crisis, the real wages abruptly fell by 20 % and did not recover even after a decade. Despite reform and growth recovery after the crisis, the post-2001 growth in Turkey has been characterized as jobless. Relatively rapid growth rates of the economy, averaged at 6.5 % annually over 2002–2008, were accompanied by high rates of unemployment and low labour participation rates (Yeldan & Ercan, 2011).

Research on two large middle-income MMCs, namely Turkey and Indonesia, show that total employment has no meaningful relationship with output; but expansion of formal employment is closely associated with output growth. A time series study on Turkey conducted by Şahin, Tansel, and Berument (2013) fails to find a long-run relationship between aggregate output and total employment, but finds long-run relationships between the aggregate output and the formal employment.<sup>3</sup>

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<sup>3</sup>They used quarterly data during 1988–2009.

In Indonesia, Tadjoeeddin (2013b) looks at the disaggregated data across 33 provinces during 2001–2011 and finds virtually no correlation between per capita provincial GDP and unemployment rate, but discovers a strong positive association between the per capita GDP and the relative size of formal employment. These findings suggest that policies on economic growth should aim at expanding formal and regular employment, rather than to merely reduce the unemployment rate. The following will highlight few key issues that may have impacts on employment in MMCs.

### ***11.3.1 Stagnant Structural Transformation***

In general, structural transformation from agriculture to manufacturing has not happened in both high- and low-income groups of MMCs (Chowdhury & Tadjoeeddin, 2012). As all of high-income countries are oil-dependent, the shares of agriculture and manufacturing value added in GDP are very limited and their shares overtime remained more or less stagnant. This implies that almost all high-income, oil-dependent countries are suffering from some kind of Dutch disease in the sense of failure to develop their manufacturing sector. Only one country (United Arab Emirates—UAE) has recorded a significant increase in the share of manufacturing value added by 8.5 percentage points (from 3.8 to 12.3 %) during the period 1980–2006. This has turned the UAE into the most dynamic and diversified economy in the Middle East. It is followed by Oman, which has experienced a rise in the share of manufacturing by 5.2 percentage points.

Unfortunately, the low-income, resource-poor group also shows a similar long-term stagnation in the structural transformation of their economies. In most cases, both the shares of agriculture and manufacturing values added have declined, while they are the most important tradable sectors in any economies. This indicates a structural shift towards less dynamic non-tradable sectors. In several low-income Muslim countries in Sub-Saharan Africa, the shares of agriculture have increased while those of manufacturing have declined. The failure to achieve structural transformation in the low-income group is consistent with their poor performances in terms of both long-term income growth and human development.

With regards to the middle-income MMCs, the picture of structural transformation is mixed. Several countries, such as Algeria, Sudan, Lebanon, Syria, Kazakhstan and Azerbaijan, echo the characteristics of the poor performing low-income group, where the shares of manufacturing have declined. Thus, these countries have experienced structural regression. However, a number of countries have achieved the normal pattern of structural economic transformation where there has been a shift from agriculture to dynamic manufacturing. The top performers among them are Indonesia and Malaysia. In countries like Egypt and Turkey, the rise in the shares of manufacturing has not been commensurate with significant declines in the shares of agriculture, implying the growth of the service sector, which is usually less dynamic than manufacturing.

### 11.3.2 Working Poor

In largely poor society, it is simply too luxury to be unemployed. Being employed in whatever employment they could get mostly in informal sector with low productivity and income is must for survival. Being unemployed means the end of the story. In such situation, high criminal rates or other kinds of indecency follow.<sup>4</sup> Although the problem of working poor is not a unique problem of developing countries as it is found in developed countries as well,<sup>5</sup> the problem of working poor in developing countries is especially acute (Fields, 2012). Most of the poorer half (three billion) of world population earning less than \$ 2.5 a day are employed. Being unemployed is too luxury for them; they are the working poor. With the exception of few oil-rich MMCs, the majority of MMCs are suffered from the problem of working poor.

Table 11.4 substantiates the above claim. The fact that the unemployment rates are much lower than the poverty rates indicates high proportion of working poor in a society. For example, let us take Bangladesh with only 4.3 % unemployment rate, but even using the most conservative international poverty line of \$1.25 (PPP), 43.3 % of its population are extremely poor. Therefore, the relatively low unemployment rate seems to be meaningless. A similar situation can be observed in Sierra Leone. Even in the relatively better economy of the middle income such as Indonesia, the large proportion of working poor is noticeable.

**Table 11.4** Unemployment rate and poverty in selected poor MMCs

	Unemployment (%)	Poverty rate (%), 2010	
	2005	\$1.25 PPP	\$2 PPP
Lower-middle income			
Indonesia	11.2	18.1	46.1
Low income			
Bangladesh	4.3	43.3	76.5
Kyrgyzstan	8.1	6.2	21.7
Mali	8.8	50.4	78.7
Pakistan	7.7	21	60.2
Senegal	11.1	33.5	60.4
Sierra Leone	2.8	53.4	76.1
Tajikistan	2	6.6	27.7
Yemen	11.5	17.5	46.6

Source: ILO Labour Statistics (<http://laborsta.ilo.org>) and WDI

<sup>4</sup>People will commit crime for a small amount of money; babies (for rent) are used by professional beggars in the street of Jakarta, etc.

<sup>5</sup>See among others, Sekine (2008) on Japan, Shippler (2005) on the US and Andreß and Lohmann (2008) on Europe.

### 11.3.3 *Vulnerable Employment*

The standard definition of vulnerable employment used by the ILO includes own account workers and unpaid family workers. In general, vulnerable employment is high in low- and middle-income countries. However, we also need to examine the more specific nature of vulnerable employment: modern day slavery, migrant worker (and migrant domestic worker in particular) and child labour. Beyond the incidence of absolute poverty, the prevalence of vulnerable employment persists in progressive middle-income MMCs or even in rich MMCs.

*Modern day slavery:* The worst form of employment in human history, slavery, is still practiced in three MMCs in the SSA region (Mali, Mauritania and Niger), although it has been officially abolished. People descended from slaves remain the ‘property’ of their ‘masters’. It is estimated that 2,00,000 are still under the control of their masters in Mali, 43,000 are still enslaved in Niger, and even worst, around 20 % of 3.5 million or so Mauritania’s population are slaves (Mark 2012; Monica 2012; Walker, 2008). Bales (2004) notes that Mauritania’s incidence of slavery is the highest in the current modern day, but also points to the practices of child bonded labourers in another large MMC, Pakistan.

*Migrant domestic workers:* Standard of living and lifestyle in oil-rich Middle Eastern countries are supported by importing migrant women domestic workers from poorer countries. It is estimated that there are over two million migrant domestic workers in the Middle East, with 1.2 million migrant domestic workers employed in Saudi Arabia and 6,00,000 in the United Arab Emirates alone (Jureidini, 2010). ‘Migrant domestic workers are among the least protected workers of the labour force. They work in an unregulated and undervalued job sector and they are at high risk of abuse and exploitation. They generally work excessively long working hours, get no rest days, and are paid discriminatory wages’ (HRW, 2007). Although there is no precise data on the rate of abuses experienced by domestic workers in the Middle East, the abuses are well documented, see HRW (2007, 2008, 2012), Jureidini (2010) and Vlieger (2011). The life of migrant domestic worker might be considered as modern day slavery practiced in oil-rich Middle Eastern countries. In Malaysia, living standard of the growingly affluent population is also supported by the presence of migrant domestic worker mainly from neighbouring Indonesia.

Not only in the distant foreign land, within Indonesia, there are approximately 10.7 million Indonesians, predominantly women, who are engaged as domestic workers.<sup>6</sup> They work long hours with low pay, mostly without appropriate days off, and are prone to abuse without any access to complaints and mediation mechanisms.

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<sup>6</sup>The figure is a recent estimate by the National Network of Domestic Worker Advocates (JALA PRT) in 2009. The figure is much higher than the ILO’s previous estimate of 2.6 million domestic workers in 2002 (ILO, 2004).

*Child labour:* There has been no specific assessment on the problem of child labour in MMCs, however several anecdotal evidences are indicative. In Mali, HRW (2011) reported that at least 20,000 children work in artisanal gold mines under extremely harsh and dangerous conditions. ILO (2004) estimated that the 700,000 children under 18 years employed as child domestic workers in Indonesia, with more than 90 % being girls. Girls, mostly coming from rural areas, typically enter domestic work between the ages of 12 and 15 years. Furthermore, UCW (2012, 2011) estimated that some 2.3 million Indonesian children aged 7–14 years still work in employment, the figure is 3.6 million in Bangladesh. Those children should have attended school fully to enable them to exercise their capability and functioning as human beings.

*Migrant workers:* While the more vulnerable nature of migrant domestic workers is clear, the situation of the rest of migrant workers, in general, is more vulnerable compared with local workers. The economic growth of Malaysia has been supported by the significant presence of migrant workers. The country has reached close to full employment since 1990. Many Malaysians are no longer willing to perform jobs that they consider as dirty, difficult and dangerous, creating demand for migrants in sectors like plantations/agriculture, construction, manufacturing, and some service occupations, all are categorized as unskilled or semi-skilled migrant workers. Currently, the number of documented migrant workers in the country is 2.1 million and there are between one and two million undocumented migrant workers (Robertson, 2008). With the size of 11 million labour force in Malaysia, it means that around 1 in 3 of the workers in the country are migrants, most of them (around 69 %) are from Indonesia. Migrant workers in Malaysia are vulnerable from two perspectives. They suffer from weak enforcement of law and regulations that protect their rights and interests as migrant workers in Malaysia, and inability or unwillingness of their countries of origin in protecting their interests (Kanapathy, 2006). In the Middle East, behind the massive skyscraper buildings as in the UAE and Qatar, for example, there are sweat and blood of cheap construction migrant workers keen to escape the poverty of their home countries, but to only find few rights and inhuman living and working condition in countries they work, see HRW (2009) and ITUC (2011).

### **11.3.4 Social Security Coverage**

Social security has two main (functional) dimensions: (1) income security, and (2) availability of medical care (ILO, 2010). In general, contributory social insurance and other statutory schemes cover only those who are in formal employment. All social security systems are income transfer schemes fuelled by income generated by national economies, mainly by the formal sector. Therefore, social security coverage strongly correlates with income level. The main forms of income security provision are income supports for elderly (old-age pension) and unemployed (unemployment benefit). While other high-income countries have statutory



provision of these income security supports, several high-income MMCs such as Saudi Arabia, Oman and Brunei have no statutory provision for unemployment benefit. Unlike the countries of high-income OECD, ILO (2010) categorizes most high-income MMCs as only having limited *statutory* provision of social security.<sup>7</sup>

As can be predicted, low-income MMCs have very limited social security coverage. High-income MMCs have extensive *de facto* social security coverage, especially on health, but much less comprehensive than that of high-income OECD countries. Furthermore, most low- and semi-skilled migrant workers supporting the economies of high-income MMCs are often denied access to social security coverage due, especially, to the insufficient duration of their periods of employment and residence. Irregular migrant workers or those engaged in the informal economy are excluded from social security coverage in their destination countries. Labour standards in the oil-rich MMCs, especially for the migrant workers, are much lower than that of high-income OECD countries. The picture is not better in middle-income MMCs as it has been argued earlier that their recent growth performances have been assessed to be job-poor growth.

## 11.4 Decent Work in Rich and Poor MMCs: Development Policies and Governance

What does decent work mean in rich and poor MMCs? In the oil-rich MMCs, the majority of employment could be considered as decent as this situation has been strongly reflected in the high rate of formal employment (Table 11.3). This situation sits on the social security provision in the forms of free education and health, income supports and transfers available to all citizens of the rich MMCs. Such provisions are made available due to high government revenues from hydrocarbon exports. However, it has to be noted that such privilege is not equally shared by the significant proportion of migrant workers who support their citizens' lifestyle and their countries' development, especially with regard to the construction sector. Furthermore, all oil-rich MMCs are non-democracy (Bahrain, Brunei, Kuwait, Oman, Qatar, Saudi Arabia and UAE) that are ruled by hereditary rulers. The majority of workers might live with the freedom from want, but they do not necessarily enjoy the freedom from fear as freedom of expression for workers would be limited under such regime. Organized labour as the main institutional channel for workers to voice their concern virtually does not exist in oil-rich MMCs, simply because of the non-democratic nature of their polity. From this perspective, the fourth ILO's dimension of decent work, namely promotion of social dialogue, is unlikely to be fulfilled. The current wave of Arab Spring does not seem to have an impact on organized labour in the near future in the oil-rich Gulf States as they have the required

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<sup>7</sup>This is based on statutory program on the eight branches of social security provision: sickness, maternity, old age, invalidity, survivors, family allowance, employment injury and unemployment.



resources to silence the demand. So far, the Arab Spring has affected only the middle-income Arab states such as Egypt, Tunisia, Libya, Syria and Jordan.

In poor or low-income MMCs, such as Mali and Nigeria in the SSA region or Bangladesh, Afghanistan and Pakistan in South Asia, achieving decent work is a huge problem. This is simply because of poverty and lack of development for whatever reasons since the de-colonization of the mid-twentieth century. Formal employment is very limited, and vulnerable employment dominates. In most cases, work or employment has not been serving as a step towards human security.

The situation is made even worse considering the fact that most low-income MMCs are non-democracy and prone to armed conflict. Only five countries (Senegal, Sierra Leone, Bangladesh, Mauritania and Comoros) out of 21 low-income MMCs have polity score of 7 or higher, a threshold for a polity score indicating a country has a functioning democracy. However, it should be noted that some of them (e.g. Bangladesh, Mauritania) show features of illiberal democracy (or anocracy), having regular elections as the key indicator of democracy, but lacking in civil liberties, as indicated by the presence of election-related violence and/or temporary military rule. As pointed by Collier (2009), democracy in a poor society could end up in a dangerous game as it may provide the venue for inter-group violence rather than utilize democracy as a peaceful mechanism for conflict resolution. Furthermore, the low-income MMCs perfectly match the group of the bottom billion described by Collier (2007) that is trapped, among others, by civil conflict, which has adverse impact on both economic growth and social development. Most MMCs in the SSA region are conflict prone, such as Mali that has come to headline recently. The same is true with Pakistan and Afghanistan. The lingering effect of the Arab Spring is unlikely to disappear in any time soon.

The condition of work for human security in middle-income MMCs is also problematic, even in progressive middle-income countries. In Indonesia for example, the employment outcomes of economic growth has not been encouraging as growth has no meaningful effect on the growth of formal employment, the increase in real wage and the expansion of social security coverage (Tadjoeeddin, 2013a). This situation, however, is not unique to Indonesia. Job-poor growth has been argued for the case of other middle-income MMCs, such as Jordan, Turkey, Morocco and Egypt (Abdel-Khalek, 2010; Taghdisi-Rad, 2012; Yeldan & Ercan, 2011). To what extent economic growth is translated into quality employment is very much depend on the nature of the growth itself whether it is a *quality* growth and transformative or growth just for the sake of *quantity* growth. As quality growth has multi-dimensions,<sup>8</sup> quality growth from an employment perspective could be understood as growth that expands the coverage of decent work.

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<sup>8</sup>The quality of growth could simply be referred to aspects of growth that especially reduce extreme poverty and vulnerability, improve the quality of employment, narrow structural inequalities, protect the environment, and sustain the growth process itself, see López, Thomas, and Wang (2008) and Thomas et al. (2000).

## 11.5 Concluding Remarks

To what extent has employment enhanced human security in the MMCs? In rich MMCs, in general, the overall human life might be decent if one looks at from the perspective of ‘freedom from want’ but they are not necessarily enjoying the other side of human security ‘freedom from fear’ since all these countries are non-democracy. Their people might suffer from relative deprivation in the sense that people’s aspiration is beyond simply fulfilling and securing the basic needs; after all it is about people’s freedom and exercising of human potential. Social turmoil in oil-rich Arab countries during the Arab Spring is important to note. Unlike the cases in oil-dependent middle-income Libya and non-oil-rich Arab countries such as Egypt and Tunisia, the oil-rich Gulf States seem to be able to escape societal demand for reform with the use of monarchic structure, oil money and supports from the West. With regard to poor and low-income MMCs, one can argue for a clear case of the lack of decent work coverage. In the case of middle-income MMCs, the situation of decent work deficit despite growth records and growth recovery is noticeable.

The above picture is not encouraging, especially with regard to development in middle- and high-income MMCs, where the situation of work for human security should be better addressed. This situation is essentially against the Islamic principles, where social justice is featured prominently. In the rich MMCs, the problems lie primarily in the social justice for migrant workers. While in the middle-income MMCs, it is about having more equitable share of economic growth between capital and labour, it is about improving the labour share in the functional income distributions.

In addition to the notion of social justice, social security provision, especially the income support, is primarily intended for the less fortunate due to both natural as well as structural reasons. They include the poor, the working poor, the unemployed work force, disable people and the elderly. The more fortunate, those with decent jobs earning decent incomes and obtaining decent life are the ones who mainly contribute to the social security provisions. This corroborates with the notion socially obligatory duty (*fard kifayah*) in Islam. In fact the provision of social security is a *fard kifayah*. While the provision might have been provided through informal and voluntary channels such as *zakat* and *sadaqa* (note that all rich MMCs adopt income tax free policy), the provision has not been widely institutionalized in a comprehensive *statutory* provision of social security following the modern state system. Out of 47 MMCs included in this analysis, only six countries that have comprehensive *statutory* provision of social security, none of them are from rich MMCs blessed with abundant natural resources.<sup>9</sup> From this perspective, it can be said that the high-income OECD countries, all having comprehensive statutory provision of social security, are more Islamic than most MMCs.<sup>10</sup> What cultural, social, or political

<sup>9</sup>The six countries are Algeria, Tunisia, Iran, Kazakhstan, Kyrgyzstan and Uzbekistan. The statutory provision of social security is defined as comprehensive when each of the eight branches of social security is covered by at least one program (ILO, 2010). Therefore, the statutory provision must be differentiated from actual or de facto coverage of social security.

<sup>10</sup>See also Rehman and Askari (2010).

phenomena could be responsible for such a situation in the said and other MMCs. The situation is likely to create enormous opportunities for the third sector to offer services to fill the potential human security gaps; how the third sector has contributed to the situation? The questions are dealt with thoroughly in the next chapter.

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## **Part VI**

# **Conclusions and Recommendations**

# Chapter 12

## Philanthropy and Human Security in MMCs: Characteristics, Relationships, and Challenges

Samiul Hasan

### 12.1 Introduction

Providing monetary or material support for eliminating sources of personal suffering of fellow human beings or philanthropy is fundamental to the philosophy of Islam. Philanthropy and charitable foundations have been part of Muslim heritage codified by the Prophet Muhammad's *Sunnah* (pl. *sunan*; practices of Prophet Muhammad compiled in the *Hadith* literature) as ordained in the Qur'an (see Hasan, 2012a). The Code does not condone purposeless act of charity (Ali, 1938, note 322), rather promotes philanthropy for community harmony and universal peace. One fundamental purpose of economic and social relationships in Islam is to satisfy public interest (*maslahah*)—the main objective (*maqasid*) of *Shari'a* (see Chap. 3). Muslim charitable foundations—*awqaf* (endowment; singl. *waqf*)—have been formed since the seventh century CE dedicating the usufruct to education, health, or other public services. Islam allows private ownership of the factors of production, and promotes equity, not equality, ordaining the *zakat* system because human beings naturally can and do contribute differently to society and to the economy (see Chap. 3).

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Further, Muslims attach immense value on unity of the *ummah*<sup>1</sup> (community) and thus historically have formed social organizations or institutions such as guilds (*tai'fa*). Informal groups, grassroots organizations, social entrepreneurs, or formal nonprofit (distributing) organizations have also existed, for hundreds of years, in all Muslim communities. Muslims everywhere voluntarily formed (or participated in) essential public service providing “third sector organizations (TSOs)” that enjoyed remarkable degree of functional autonomy (Salam, 2002). Muslim majority countries (MMCs) show rich heritage of philanthropy and third sector organizations in the provision of varied human security services. Nonetheless, what are the measures of and obstacles to human security achievements of the third sector in MMCs?

This chapter is to draw some conclusions of this study methodically examining philanthropy and the third sector (e.g., history, structure, features, and legal boundaries) vis-à-vis the practices and challenges of offering human security in MMCs. It is to analyze if and how philanthropy and the third sector organizations (TSOs) have promoted and/or are promoting different aspects of human security in the 47 MMCs in Africa and Asia. The study here culminates and, to some extent, extends the discussions and analyses undertaken in the previous chapters. The discussion in the chapter using the data on TSO density (see Chap. 6) and other relevant factors creates a TSO density score, “third-sector capability measure” (TCM) and state support score (SSS) to cross-tabulate with selected criteria for human security used by the World Bank and in Chaps. 9, 10, and 11.

In addition to this introductory section and a short concluding section, the chapter is divided into three major sections. The first major section (Sect. 12.2) examines four major roles of the TSOs in MMCs: service; innovation; expressive and leadership development; and community building and democratization. The analyses in the next section (Sect. 12.3) incorporating the features of *zakat* management, third sector legal environment, and the TSO density created a “third-sector capability measure (TCM)” to establish relationships between the TCM and certain selected criteria (e.g., CMR, LEB, ALR, and PCR<sup>2</sup>) for human security. It offers some explanations of observed anomalies between the principles and practices of certain aspects of human security in MMCs. The above discussions follow the most important section (Sect. 12.4) of the chapter.

The chapter suggests that the formation and functioning of membership organizations practicing accountability, (merit-based) competition in public affairs, mutual respect, tolerance, and transparency are likely to improve human security outcomes of the third sector in MMCs. The chapter and the volume ends by concluding that the road for the third sector towards regaining its past human security roles in MMCs is long, but unfortunately winding because of the protective inherent social structure in some, or contrived political platforms in some other.

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<sup>1</sup> The term *ummah* originally referred to the residents of Medina, but has increasingly been used to refer to “nation (a community of believers) without boundaries” as well as all human beings, descendent of the same parents, with “mutual obligations of respect and decent behavior” (Hanafi, 2002: 59).

<sup>2</sup> CMR—Child Mortality Rate; LEB—Life Expectancy at Birth; ALR—Adult Literacy Rate; and PCR—Primary (school) Completion Rate.

## 12.2 The Third Sector Organizations in MMCs: Role and Density Analyses

Religious zeal combined with factors like economy, culture, struggle for independence, etc. seem to have shaped the third sector in Muslim majority countries (MMCs) in Africa and Asia. MMCs, in particular in Asia, have a long tradition of laws defining and/or regulating the third sector organizations' features, conditions for formation, functional jurisdiction, financial relationships, accountability procedures, monitoring system, etc. Situation is not different in any of the present MMCs. Many MMCs' legal systems were influenced by the respective colonial laws and experiences. Individuals only in five MMCs (Bangladesh, Pakistan, Indonesia, Malaysia, and Turkey) could form associations without any formal documentation, incorporation, or registration (see Chap. 4).

Many MMCs have developed elaborate laws regulating philanthropy (mainly *zakat*), and other modern TSOs. Some have used tax laws to promote philanthropy and the third sector in the country, e.g., Malaysia or Pakistan (see Chap. 4). In appreciation of the important role the institution of *waqf* could play in social and economic development, some MMCs, in the recent past, have also undertaken programs to develop *awqaf* properties and revive some of their human security roles (see Chap. 7). The third sector legal environments, nonetheless, have been a matter of evolution, not revolution. The third sector in MMCs, as a result, has developed differently with different characteristics, roles, and density, as evident in this work.

Many governments in MMCs provided tacit supports in the expansion of the third sector evidently as an effective vehicle of low-cost essential service (e.g., education, health) delivery in the low-access disaffected areas to disengage a large number of educated and conscious individuals, especially urban areas, from political activism. Many authoritarian governments saw TSOs as an instrument of neutralizing political activism and worthy of support to counter the organized or unorganized (political) oppositions. In the process, due to the expansion of state power, the third sector in MMCs transformed to be reactive losing past proactive roles of providing many human security services.

Not much information about TSOs or their activities is available from 15 of the 47 MMCs under discussion. Information from the other 32 MMCs is available in government documents, respective country reports, survey data or guesstimates in other scholarly works, or other published documents. Table 12.1 depicts actual or approximate number of TSOs active in these 32 MMCs. Column 2 in Table 12.1 shows number of TSOs in each MMC; Column 9 shows the density—number of TSOs per 100,000 people. It seems Bangladesh, with 483.33 TSOs for every 100,000 people, has the highest density of TSOs in MMCs compared to that of Qatar—1.10, the lowest. In fact, MMCs in North Africa and West Asia have lower TSO density (see Sect. 12.5). The exceptions are Tunisia, Egypt, and Yemen with TSO density of 138.88, 33.13, and 28.68, respectively. Now, what does this study reveal about the service roles of TSOs in MMCs?



**Table 12.1** State support score (SSS) and third sector capability measure (TCM) in MMCs

Country	Total TSOs	Government formed by	Military in politics	Tribal influence	SSS	Zakat institution	TSO law	TS density (TSO/100,000 people)	TCM
Afghanistan	5911	5	5	2	12	Informal	Enabling	19.07	7
Algeria	1,000 (1)	5	5	2	12	Informal	Enabling	4.39	8
Azerbaijan	X	5	0	0	5	Informal	Restrictive	X	4
Bahrain	450	4	0	0	4	Formal	Restrictive	43.00	10
Bangladesh	770,000	5	5	5	15	Formal	Enabling	483.09	14
Brunei	X	4	0	5	9	Formal	Neutral	X	8
Burkina Faso	X	5	5	0	10	Informal	NA	X	2
Chad	X	2	5	0	7	Informal	NA	X	2
Comoros	X	5	5	3	13	NA	NA	X	0
Djibouti	X	5	5	0	10	NA	NA	X	0
Egypt	27,068	3	5	5	13	Formal	Enabling	33.13	12
Eritrea	X	5	0	0	5	NA	NA	X	0
Gambia, The	X	5	5	0	10	NA	NA	X	0
Guinea	X	2	5	0	7	NA	NA	X	0
Guinea-Bissau	X	2	5	0	7	NA	NA	X	0
Indonesia	755,000	5	5	5	15	Formal	Enabling	332.2	14
Iran	X	5	0	5	10	Formal	Enabling	X	9
Iraq	5,669	5	5	0	10	Informal	Neutral	19.37	8
Jordan	1,189	4	0	2	6	Formal	Enabling	52.60	13
Kazakhstan	36,815	5	0	0	5	Informal	Neutral	237.52	11
Kuwait	66	4	0	0	4	Formal	Restrictive	1.94	7
Kyrgyz	X	5	0	0	5	NA	Neutral	X	4
Lebanon	3,360	5	5	5	15	Formal	Enabling	82.03	13
Libya	130	5	5	0	10	Mandatory	NA	2.10	6
Malaysia	117,663	5	0	5	10	Mandatory	Enabling	398.41	15

Maldives	X	2	5	5	5	12	NA	NA	X	0
Mali	X	5	5	0	0	10	Informal	NA	X	2
Mauritania	600	2	5	0	0	7	Informal	Neutral	19.55	8
Morocco	38,500	4	0	0	0	4	Informal	Enabling	122.70	12
Niger	X	5	5	0	0	10	Informal	NA	X	2
Nigeria	X	5	5	0	0	10	Informal	Neutral	X	6
Oman	101	4	0	0	0	4	Informal	Neutral	3.92	7
Pakistan	45,000 + 60,000 coop	5	5	3	3	13	Mandatory	Enabling	58.28	14
Qatar	17	4	0	0	0	4	Informal	Restrictive	1.10	5
Saudi Arabia	400	4	0	0	0	4	Mandatory	Restrictive	1.59	8
Senegal	X	5	5	0	0	10	Informal	NA	X	2
Sierra Leone	X	5	5	0	0	10	Informal	Neutral	X	6
Somalia	X	3	5	0	0	8	Informal	NA	X	2
Sudan	1,785	5	5	0	0	10	Mandatory	Neutral	4.53	10
Syria	1,225	2	0	0	0	2	Informal	Restrictive	6.31	5
Tajikistan	2,500	5	0	0	0	5	Informal	Restrictive	36.76	8
Tunisia	14,996	3	5	3	3	11	Informal	Enabling	138.88	11
Turkey	153,604	5	5	3	3	13	Informal	Enabling	191.57	12
Turkmenistan	X	5	0	0	0	5	Informal	Restrictive	X	4
UAE	126	4	0	0	0	4	Formal	Restrictive	2.73	7
Uzbekistan	5,000	5	0	0	0	5	Informal	Neutral	17.36	8
Yemen	6,600	3	5	0	0	8	Mandatory	Neutral	28.68	12

SSS—State Support Score (see footnote 44; it also explains the digits in columns 3, 4, and 5)

TCM—Third Sector Capability Measure (see footnote 45); for more on TSO Density see Chap. 6; X- Information not available.

Column 2 are from publications used in this volume. Figures are “actual” where registration is mandatory or “approximate,” as available in the relevant publications, in MMCs where registration is not mandatory

Source: Column 2: Table 6.1; Column 3 and 4: Compiled from CIA, 2014 and Chap. 4, Column 5: Chap. 4, and Hasan, 2012c; Column 7 and 8: Chapter 5; Column: Table 9; Chap. 6, and Table 6.1

Salamon, Hems, and Chinnock (2000) hypothesized TSOs' five possible contributions to the society. Only the "service role" identified by them is likely to cover the "human security" aspects of this Volume's focus, but at this point a brief discussion on the other roles (innovation, expressive and leadership, and community building and democratization) may make the concluding part more sensible.

### 12.2.1 *The Service Role*

TSOs may offer health services, education, personal social services, or cultural services of various kinds which are difficult to supply through the market. TSOs are likely to exhibit higher quality in delivering these services with the use of some volunteering, and greater and lower cost/efficiency (discussed in Salamon et al., 2000 from a dozen other sources). Information about service roles of TSOs in 20 MMCs (out of 47) is either skimpy or not available (Table 12.2). The service roles of TSOs in the rest (27 MMCs) are categorized as "low" because of the government's intervention (in the Central Asian MMCs) or shame (*aib*) or prestige<sup>3</sup> issue (as in MMCs in the Gulf), and "high" in resource poor MMCs of South Asia (Bangladesh, Indonesia, Malaysia, and Pakistan), West Asia (Jordan, Lebanon, and Syria), North Africa (Egypt, Morocco, and Tunisia), and in liberal but traditional Turkey where education and health sectors still have large "nonprofit" influence and roles (Table 12.2). The TSOs seem to have capability in skilfully undertaking any service roles, as evident in MMCs like Bangladesh, Indonesia, or Turkey. The problem is many MMC governments are still not ready to share the "state prerogatives" with the third sector even if there is evident service gaps in Saudi Arabia (with about 25 % unemployment among the female nationals) or Afghanistan (with GNI/capita of PP\$1,054).

### 12.2.2 *The Innovation Role*

TSOs are not driven by "single-bottom" line, and are more flexible and adaptable than other types of organizations to be able to take "more risks to become pioneers in particular fields, identifying unaddressed issues and focusing attention on them, and formulating new approaches to problems." All three types of innovation (evolutionary innovation to introduce a new process/product; expansionary innovation creating a new market; and total innovation involving a new process/product and a

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<sup>3</sup>TSOs' involved in goods and service delivery can be seen as national *aib* or shame signifying the government's failure in such responsibilities. The concept is fundamental to a tribal system where the family members are to be taken care of. Seeking help or even applying for economic employment is seen as that family's failure in supporting the "dependants" to cause *aib* or shame for the family head (Harry, 2007: 136). The governments are not ready to acknowledge the service gaps, by allowing the TSOs as alternate service providers.

Table 12.2 TSOs in MMCs: roles and influencing factors

Name	Region	Legal system	Colonial past	Government formed by	Service role	Innovation role	Expressive role	Community building	Tribe impact building	Spatial Com
Afghanistan	1	Civil	None	Election	Low	Low	Low	Low	Medium	Medium
Algeria	4	Civil	French	Election	Medium	Medium	Low	Medium	Medium	Large
Azerbaijan	2	Civil	USSR	Election	Low	Low	Low	Medium	High	Medium
Bahrain	3	Common	British	Hereditiy	Low	None	None	Low	High	Small
Bangladesh	1	Common	British	Election	High	High	High	High	Nil	Large
Brunei	1	Common	British	Hereditiy	Low	Low	Low	Low	Nil	Medium
Burkina Faso	5	Civil	French	Election	N/A	N/A	N/A	N/A	High	Small
Chad	5	Civil	French	Selection	N/A	N/A	N/A	Low	High	Small
Comoros	5	Civil	French	Election	N/A	N/A	N/A	N/A	Low	Large
Djibouti	4	Civil	French	Election	N/A	N/A	N/A	N/A	High	Small
Egypt	4	Civil	British	Transition	High	High	High	High	Nil	Large
Eritrea	4	Common	British	Election	N/A	N/A	N/A	N/A	High	Medium
Gambia	5	Common	British	Election	N/A	N/A	N/A	N/A	High	Medium
Guinea	5	Civil	French	Selection	N/A	N/A	N/A	N/A	High	Small
Guinea Bissau	5	Civil	Portuguese	Selection	N/A	N/A	N/A	N/A	High	Small
Indonesia	1	Civil	Dutch	Election	High	High	High	High	Nil	Large
Iran	3	Civil	N/A	Election	N/A	N/A	N/A	N/A	Nil	Large
Iraq	3	Common	British	Election	N/A	N/A	N/A	N/A	High	Small
Jordan	4	Common	British	Hereditiy	High	Medium	Medium	Medium	Medium	Large
Kazakhstan	2	Civil	USSR	Election	Low	Low	Low	High	High	Medium
Kuwait	3	Common	British	Hereditiy	Low	None	Low	Low	High	Nil
Kyrgyzstan	2	Civil	USSR	Election	Low	Low	Low	Low	High	Medium
Lebanon	3	Civil	French	Election	High	High	High	High	Nil	Large
Libya	4	Common	British	Election	N/A	N/A	N/A	N/A	High	Medium

(continued)

Table 12.2 (continued)

Name	Region	Legal system	Colonial past	Government formed by	Service role	Innovation role	Expressive role	Community building	Tribe impact building	Spatial Com
Malaysia	1	Common	British	Election	High	High	High	High	Nil	Large
Maldives	1	Common	British	Selection	N/A	N/A	N/A	N/A	Nil	Small
Mali	5	Civil	French	Election	N/A	N/A	N/A	N/A	High	Small
Mauritania	5	Civil	French	Selection	N/A	N/A	N/A	Low	High	Small
Morocco	4	Civil	French	Heredit	High	Medium	Medium	Medium	High	Large
Niger	5	Civil	French	Election	N/A	N/A	N/A	N/A	High	Small
Nigeria	5	Common	British	Election	N/A	N/A	N/A	N/A	High	Medium
Oman	3	Common	Portuguese	Heredit	Low	Low	Low	Low	High	Small
Pakistan	1	Common	British	Election	High	High	High	High	Low	Large
Qatar	3	Common	British	Heredit	Low	None	None	Low	High	Small
Saudi Arabia	3	Shari'a	N/A	Heredit	Low	None	None	None	High	Small
Senegal	5	Civil	French	Election	N/A	N/A	N/A	N/A	High	Medium
Sierra Leone	5	Common	British	Election	N/A	N/A	N/A	Medium	High	Medium
Somalia	5	Common	British	Transition	N/A	N/A	N/A	N/A	High	
Sudan	5	Common	British	Election	N/A	N/A	N/A	High	High	Medium
Syria	3	Civil	French	Selection	High	Medium	Medium	Medium	High	Medium
Tajikistan	2	Civil	USSR	Election	Low	Low	Low	Medium	High	Medium
Tunisia	4	Civil	French	Transition	High	High	High	High	Low	Large
Turkey	3	Civil	N/A	Election	High	High	High	High	Low	Large
Turkmenistan	2	Civil	USSR	Election	Low	Low	Low	Medium	High	Medium
UAE	3	Common	British	Heredit	Low	None	None	None	High	Nil
Uzbekistan	2	Civil	USSR	Election	Low	Low	Low	Medium	High	Medium
Yemen	3	Common	British	Transition	Medium	Medium	Low	Medium	High	Large

Prepared by the author from the literature cited and discussions in Chaps. 4, 5, 6, and 12, in particular CIA, 2014; Hasan, 2012b; 2012c; and Tables 4.1 and 6.1.

new market) can be existent in the nonprofit sector (cited in Salamon et al., 2000). Only eight MMCs have TSOs with “high” achievement in innovation roles. Bangladesh, Indonesia, and Pakistan with large number of desperate educated urban youth to take risks (political risks in the past and economic risks in the postcolonial period); Lebanon (because of competitions among the Faith-based organizations); Egypt, Malaysia, and Tunisia (because of the respective government’s “political activism neutralizing” tacit supports to urban service delivery organizations), and Turkey (with enough voluntary funds, please see Chap. 6) have been, widely known, “high” achievers in “third sector” innovations. TSOs in MMCs with low service roles could not and did not have significant innovation roles, anyway.

### ***12.2.3 The Advocacy Role***

TSOs are expected to “advocate changes in public policy or in social conditions” (discussed in Salamon et al., 2000). Globalization and its fundamental features (i.e., the free flow of technology, capital, and information) contributed to third sector growth and marginalized its political advocacy roles (in Africa and Asia) for primarily three reasons: (a) the legal instruments in many MMCs restricted political activity or political connections of the TSOs (see Chap. 4), (b) the TSO organizers and beneficiaries realized that apolitical TSOs can deliver goods, programs, or services efficiently, and (c) the overseas (private or intergovernmental) funding agencies (either for legal requirements of the host country, or the administrative conditions of the “donors”), in general, opted not to support TSOs involved in “sensitive” (or political) issues (Hasan & Onyx, 2008).

Further, TSO laws in many MMCs are either too restrictive or applied arbitrarily claiming to be protecting the constitution, culture, or the state (read government) by not allowing the “suspect” funds. TSOs in MMCs thus have not been much enthusiastic in advocacy roles except for some environmental matters (as in Bangladesh, GCC countries, Indonesia, or Malaysia) or women’s health (as in Bangladesh, Chad, Egypt, Indonesia, Morocco, or Yemen) (see Chap. 6). Thus, Table 12.2 does not include “the advocacy role” to imply that the TSOs, even in liberal MMCs with high TSO density, can/do not (by coercion or choice) play any role in political or social advocacy.

### ***12.2.4 The Expressive and Leadership Development Role***

TSOs “perform a broader role as vehicles for individual and group self-expression” “to liberate the individual to have the fullest possible measure of expression of personal capacities and potentials within an otherwise constraining social environment” (discussed in Salamon et al., 2000). The expressive and leadership role is important but is likely to be ineffective because of the absence of advocacy roles of TSOs in MMCs. Fourteen MMCs with “enabling” third sector legal environments (Table 12.1) seem to have historic tradition of living in communities mutually helping each other in the absence of any governmental system (see Chap. 5). These communities,

irrespective of any formal TSO connections or supports, are likely to play some leadership roles (Hasan, 2005).

TSOs, however, have been a training ground for personal or professional development and a place for self-actualization for people in some MMCs. Considering the laws and the activities, it is observed that “expressive and leadership” role is “high” in the eight MMCs (Table 12.2) with liberal TSO laws and higher TSO density (Table 12.1): Bangladesh (483.09 for every 100,000 people), Egypt (33.13), Malaysia (398.41), Indonesia (273.22), Lebanon (82.03), Pakistan (58.28), Tunisia (138.88), and Turkey (191.57).

Nonetheless, in the recent past, many TSO leaders in MMCs joined the government, only to show the “kicking-the-ladder”<sup>4</sup> attitude being instrumental in framing restrictive TSO laws (e.g., in Bangladesh, Egypt, Indonesia, Pakistan). In fact, TSOs in MMCs, largely being foundations or trusts, not membership association or society, cannot play meaningful expressive or leadership roles.

### ***12.2.5 The Community Building and Democratization Role***

TSOs can perform unifying role embodied in the concept of “social capital.” By encouraging interaction, TSOs help to create habits of trust and reciprocity that in turn contribute to a sense of “community.” This community-building role, through the creation of extensive bonds, has encouraged both economic growth and democratization. Apart from the four MMCs with the best performing TSOs (Bangladesh, Malaysia, Indonesia, and Pakistan), and TSOs in Kazakhstan (with mandated community roles), Egypt, Lebanon, and Tunisia (with low resource availability, history of traditional community groups, and non-existence of much tribal power), and in Turkey (with traditional societies and no rigid communal power structure) have been the best performer in community building role (Table 12.2).

Noteworthy, as evident from this study, election cannot bring fundamental changes for democracy without community building and democratization roles of the third sector, especially the membership organizations. Election-only “democratic governments” in many MMCs, like many other countries in Africa and Asia, not to be outshined, have been increasingly regulating TSOs by introducing new systems of accessing overseas funds, licensing, monitoring, etc. Thus, TSOs in some MMCs have played much community development roles, but not much democratization role except for Indonesia, the only MMC to be on a very stable path to democracy since 1997, primarily because of the existence of two largest membership organizations in MMCs, if not the world. For example, the Nahdatul Ulama (NU; committed to preserving the tradition and local values) and the Muhammadiyah (committed to modernize the Muslims and their values), with about 35 million members each (see Chap. 6), have considerable influence in social enlightenment, democratization, and consolidation of human security. Most MMCs do not have

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<sup>4</sup>Borrowed from Chang (2008) that also provides a fascinating discussion of this phenomenon in international development.

many membership organizations or TSOs upholding democratic values and principles to contribute in community building and leadership roles.

MMCs have different third sector density extending from 483.33 (Bangladesh) to 1.10 (Qatar). Higher TSO density may be good for essential consensus building or interest aggregation task. For example, the three countries (Tunisia, Egypt, and Yemen) witnessing transformation of the governments following mass street agitations have the highest TSO density of 138.88, 33.13, and 28.68, respectively, in the Arab world. Nonetheless, the TSO density alone cannot ensure effective human security roles of the third sector in any society. In MMCs, large number of goods and service delivery TSOs (often foundations) retarded (by maintaining the status quo), and membership organizations (where available) accelerated the democratization process. In any event, the question now is how much capability does the third sector in MMCs have in affecting human security; and to what extent?

## 12.3 The “Third Sector Capability Measure,” and Human Security in MMCs

In Table 12.3 the relationship of the third sector growth and functioning is analyzed with different dimensions of human security, in particular health and education. Success in these dimensions is measured using the World Bank’s four sets of applicable criteria and related data for measuring human security: like LEB (life expectancy at birth), CMR (child mortality rate), ALR (adult literacy rate), Primary (school) completion rate (PCR), and Gender Inequality Index (GII) (for more please see Chap. 10). In order to have a rational analysis, the character of the third sector law, governments’ regulation of philanthropic activities (*zakat*, to be specific), and TSO density have been combined to create a “third-sector capability measure” (TCM) (see footnote 45). An MMC may have possible maximum TCM of 15, and a reasonably good score of 11 (i.e., the third sector law is categorized as neutral; the *zakat* administration is formalized; or the TSO density score is 3, see column 9, Table 12.3). Twelve MMCs’ TCMs are between 11 and 15. The CMR in these 12 MMCs is very low (up to 51) except for Pakistan (76) and Yemen (80)—two MMCs facing sectarian and civil strife. The most important related measure of health, LEB is high in MMCs with higher TCM (11–15), except in Afghanistan; on the other hand, LEB is low in MMCs with lower TCM, except for the rich countries like Brunei and the Gulf, and geographically well-placed, Syria, Libya, and the island of the Maldives,<sup>5</sup> and countries in Central Asia (possibly because of a legacy of the Soviet era state-sponsored community health facilities).

With the exception of six ex-Soviet republics of central Asia and tiny Maldives, the ALR (adult literacy rate) is higher in MMCs that have either high income or high “third sector capability measure” (TCM) (Table 12.3). The effect of higher income is also evident in MMCs with high TCM—MMCs with high TCM has

<sup>5</sup> Due to possible effects of climate, as other studies clearly show, geographical location influences features and health quality, including the expectancy at birth (LEB), see ElJaouhari and Hasan (2012).



**Table 12.3** TSOs in MMCs: Analyzing the Human Security Roles

Country	GDP/capita PPP\$	LEB	CMR	ALR	PCR	Zakat institution	TSO law	TSO density score	TCM	SSS
Afghanistan	1,054	47.90	107.20	NA	NA	2	5	2	9	12
Algeria	7,740	72.62	32.00	72.65	95.99	2	5	1	8	12
Azerbaijan	7,851	70.32	49.00	99.50	89.51	2	2		4	5
Bahrain	29,723	74.89	10.00	91.35	107.25	4	2	3	10	4
Bangladesh	1,241	68.33	51.00	55.90	65.35	4	5	5	14	15
Brunei	50,200	77.80	8.00	95.29	117.84	4	4	X	8	9
Burkina Faso	1,124	54.47	152.00	28.73	45.10	2	NA	X	2	10
Chad	1,477	48.89	173.00	33.61	32.93	2	NA	X	2	7
Comoros	1,143	60.23	83.00	74.15	74.83	NA	NA	X	0	13
Djibouti	2,061	57.15	93.00	–	35.57	NA	NA	X	0	10
Egypt	5,349	72.73	24.00	–	98.49	4	5	3	12	13
Eritrea	626	60.56	72.00	66.58	39.82	NA	NA	X	0	5
Gambia, The	1,225	57.84	106.00	46.50	70.51	NA	NA	X	0	10
Guinea	1,140	53.17	133.00	39.46	64.12	NA	NA	X	0	7
Guinea-Bissau	477	47.31	165.00	52.20	67.62	NA	NA	X	0	7
Indonesia	3,712	68.47	35.00	92.19	104.52	4	5	5	14	15
Iran	10,955	72.49	27.00	85.02	103.57	4	5	X	9	10
Iraq	..	68.09	39.00	78.06	65.20	2	4	2	8	10
Jordan	4,901	73.15	22.00	92.20	101.38	4	5	4	13	6
Kazakhstan	10,863	68.43	30.00	99.68	110.42	2	4	5	11	5
Kuwait	47,812	74.49	11.00	93.91	112.12	4	2	1	7	4
Kyrgyz	2,006	69.10	33.00	99.24	96.57	NA	4	X	4	5
Lebanon	10,109	72.23	11.00	89.61	87.26	4	5	4	13	15
Libya	14,364	74.55	18.00	88.86	NA	5	NA	1	6	10
Malaysia	13,518	73.79	7.00	92.46	92.61	5	5	5	15	10

Maldives	5,196	76.20	14.00	98.40	120.32	NA	NA	X	0	12
Mali	1,083	50.54	182.00	NA	54.83	2	NA	X	2	10
Mauritania	1,927	57.92	113.00	57.45	74.80	2	4	2	8	7
Morocco	4,108	71.59	36.00	56.08	84.69	2	5	5	12	4
Niger	627	53.82	134.00	NA	41.19	2	NA	X	2	10
Nigeria	1,969	50.95	138.00	60.82	74.36	2	4	X	6	10
Oman	22,816	73.00	10.00	86.62	101.35	2	4	1	7	4
Pakistan	2,496	64.96	76.00	55.53	67.06	5	5	4	14	13
Qatar	74,882	77.94	8.00	94.72	99.70	2	2	1	5	4
Saudi Arabia	22,935	73.63	11.00	86.13	93.31	5	2	1	8	4
Senegal	1,666	58.63	74.00	49.70	59.24	2	NA	X	2	10
Sierra Leone	679	46.96	194.00	40.92	NA	2	4	X	6	10
Somalia	..	50.63	108.00	NA	NA	2	NA	X	2	8
Sudan	2,086	60.79	89.00	70.21	57.87	5	4	1	10	10
Syria	4,511	75.56	16.00	84.19	103.62	2	2	1	5	2
Tajikistan	1,753	66.97	68.00	99.67	104.02	2	2	3	8	5
Tunisia	7,520	74.45	18.00	77.56	91.15	2	5	5	12	11
Turkey	12,955	73.42	18.00	90.82	99.16	2	5	5	12	13
Turkmenistan	4,953	64.76	55.00	99.56	NA	2	2	X	4	5
UAE	54,626	76.40	7.00	–	99.63	4	2	1	7	4
Uzbekistan	2,425	67.76	51.00	99.34	93.22	2	4	2	8	5
Yemen	2,335	64.59	80.00	62.39	63.22	5	4	3	12	8

ALR: Adult Literacy Rate; CMR: Child Mortality Rate; PCR: Primary (school) completion rate; SSS: State Support Score (copied from Table 12.1, Column 6, see footnote 44); TCM: Third sector capability measure (copied from Table 12.1, Column 10, see footnote 45).  
Source: Column 2: UNDP, 2014; Column 3,4,5,6: World Bank, ; Column 7: Chap. 5; Column 8: Chap. 4

lower ALR if the country is not in high income category. This factor is a testament to the contention that elements like culture, religious restrictions (or prejudice), government's initiatives, or economic necessity (e.g., children in many families have to work as the breadwinner, support the parents' work, or supplement the family income) greatly influence educational attainment. The contention is reinforced by the fact that many high income MMCs with low TCM have higher ALR.

Primary (school) completion rate (PCR) may also be used to comprehend the third sector's role in education. In the 12 MMCs with good TCM (11–15), PCR is high (84+ %) in all except Bangladesh, Pakistan, and Yemen. On the other hand, PCR is higher in countries with low TCM only if the country also is in high income category or Central Asia. Only exception to this trend is Syria—with a tradition of community living emphasizing education, people in Syria have higher achievements in education. In fact, people beyond the primary education age are completing primary education in Syria, making the PCR unusually high (103.62).<sup>6</sup>

One of the problems of human security is gender inequality that creates problems for or disadvantages female members of society. The situation, as shown in Table 12.4, is measured by Gender Inequality Index (GII) by the UNDP in terms of Maternal Mortality Ratio (MMR), Adolescent Fertility Rate (AFR), percent of seats in national parliament held by women, gender gap in secondary education and labor force participation rates (LFP). Gender inequality is low in most MMCs with high TCM except Bangladesh, Egypt, Indonesia, Pakistan, and Yemen. Positive gaps<sup>7</sup> between the HDI and the GII in these MMCs are also higher between 12 (Yemen) and 48 (Tunisia) (Table 12.4, columns 1 and 3). Empowering or enabling women to play leadership roles in using and managing water and sanitation resources, through the third sector interventions, showed improvement in health, household incomes, access to education, and gender equity in MMCs (see Chap. 10).

No datum is available to support the contention, but comparative high incidence of philanthropic activities in some countries can be credited to better than expected results in gender equality in education sector (establishment of schools for boys and girls), in the health sector (health service delivery irrespective of gender and religion), and hygiene (for lactating women and infants). Women have been both beneficiary and benefactor of human security services of the TSOs in Muslim communities.

These data are not accidental and are arguably reflective of certain fundamental values of Muslim communities. Islam offered women rights to equality (in economic and social aspects), to education,<sup>8</sup> to individual ownership of land, to receiving living allowance for children after divorce or even *khula* (divorce by the wife), and to the possession of separate property within marriage (without any financial obligation to

<sup>6</sup>It seems that this achievement by people of Syria is likely to diminish because of the political crisis sweeping the country since 2011 that continued till the writing of this chapter in early 2014.

<sup>7</sup>Higher world ranking for Gender Inequality Index (GII) than that of the Human Development Index (HDI), see Table 12.4.

<sup>8</sup>Islam emphasizes learning without any differentiation in educational opportunities for boys and girls because Prophet Muhammad said “acquiring knowledge is compulsory for all Muslim men and women.”

**Table 12.4** Third sector capability measure (TCM) and gender inequality in MMCs

HDI rank	Country	GII rank	TCM	Maternal mortality ratio (deaths per 100,000 live births)	Adolescent fertility rate (births per 1,000 women ages 15–19)	Seats in national parliament % female member	Population with at least secondary education		Labor force participation rate	
							(% ages 25 and older)		(% ages 15 and older)	
							Male	Female	Male	Female
175	Afghanistan	147	9	460	99.6	27.6	5.8	34.0	15.7	80.3
93	Algeria	74	8	97	6.1	25.6	20.9	27.3	15.0	71.9
82	Azerbaijan	54	4	43	31.4	16.0	90.0	95.7	61.6	68.5
48	Bahrain	45	10	20	14.8	18.8	74.4	80.4	39.4	87.3
146	Bangladesh	111	14	240	68.2	19.7	30.8	39.3	57.2	84.3
30	Brunei	—	8	24	22.7	—	66.6	61.2	55.5	76.5
183	Burkina Faso	131	2	300	117.4	15.3	0.9	3.2	77.5	90.4
184	Chad	—	2	1,100	138.1	12.8	—	—	64.4	80.2
169	Comoros	—	0	280	51.1	3.0	—	—	35.1	80.4
164	Djibouti	—	0	200	19.5	13.8	—	—	36.0	67.2
112	Egypt	126	12	66	40.6	2.2	43.4	59.3	23.7	74.3
181	Eritrea	—	0	240	53.7	22.0	—	—	79.8	90.0
165	Gambia	128	0	360	66.9	7.5	16.9	31.4	72.4	83.1
178	Guinea	—	0	610	133.7	—	—	—	65.4	78.3
176	Guinea Bissau	—	0	790	96.2	10.0	—	—	68.0	78.2
121	Indonesia	106	14	220	42.3	18.2	36.2	46.8	51.2	84.2
76	Iran	107	9	21	25.0	3.1	62.1	69.1	16.4	72.5
131	Iraq	120	8	63	85.9	25.2	22.0	42.7	14.5	69.3
100	Jordan	99	13	63	23.7	11.1	68.9	77.7	15.6	65.9

(continued)

Table 12.4 (continued)

HDI rank	Country	GII rank	TCM	Maternal mortality ratio		Adolescent fertility rate (births per 1,000 women ages 15–19)	Seats in national parliament % female member	Population with at least secondary education		Labor force participation rate (% ages 15 and older)
				(deaths per 100,000 live births)	ratio			(% ages 25 and older)		
								Male	Female	
69	Kazakhstan	51	11	51	25.5	18.2	99.3	99.4	66.6	77.2
54	Kuwait	47	7	14	14.4	6.3	53.7	46.6	43.4	82.3
125	Kyrgyzstan	64	4	71	33.0	23.3	81.0	81.2	55.5	78.6
72	Lebanon	78	13	25	15.4	3.1	53.0	55.4	22.6	70.8
64	Libya	36	6	58	2.6	16.5	55.6	44.0	30.1	76.8
64	Malaysia	42	15	29	9.8	13.2	66.0	72.8	43.8	76.9
104	Maldives	64	0	60	10.2	6.5	20.7	30.1	55.7	76.8
182	Mali	141	2	540	168.9	10.2	11.3	9.2	36.8	70.0
155	Mauritania	139	8	510	71.3	19.2	8.0	20.8	28.7	79.2
130	Morocco	84	12	100	10.8	11.0	20.1	36.3	26.2	74.7
186	Niger	146	2	590	193.6	13.3	2.5	7.6	39.9	89.9
153	Nigeria	–	6	630	111.3	6.7	–	–	47.9	63.3
84	Oman	59	7	32	9.3	9.6	47.2	57.1	28.3	81.6
146	Pakistan	123	14	260	28.1	21.1	18.3	43.1	22.7	83.3
36	Qatar	117	5	7	15.5	0.1	70.1	62.1	51.8	95.2
57	Saudi Arabia	145	8	24	22.1	0.1	50.3	57.9	17.7	74.1
154	Senegal	115	2	370	89.7	41.6	4.6	11.0	66.1	88.4
177	Sierra Leone	139	6	890	104.2	12.9	9.5	20.4	66.3	69.1
	Somalia	–	2	1,000	68.0	13.8	–	–	37.7	76.8
171	Sudan	129	10	730	53.0	24.1	12.8	18.2	30.9	76.5
116	Syria	118	5	70	36.5	12.0	27.4	38.2	13.1	71.6
125	Tajikistan	57	8	65	25.7	17.5	93.2	85.8	57.4	75.1

94	Tunisia	46	12	56		4.4	26.7		29.9	44.4	25.5	70.0
90	Turkey	68	12	20		30.5	14.2		26.7	42.4	28.1	71.4
102	Turkmenistan	–	4	67		16.9	16.8		–	–	46.4	76.0
41	UAE	40	7	12		23.4	17.5		73.1	61.3	43.5	92.3
114	Uzbekistan	–	8	28		12.8	19.2		–	–	47.7	74.7
160	Yemen	148	12	200		66.1	0.7		7.6	24.4	25.2	72.0

*GII* gender inequality index; *TCM* Third Sector Capability Measure (see Table 12.1); Compiled from UNDP, 2013; World Bank, 2014.

the family because the husband is responsible for family maintenance). Islam also allowed women rights to inheritance at a time when women were but property<sup>9</sup> in other societies.

Muslim girls also deserve equal access to education because of the Prophet Muhammad's command that acquiring knowledge is compulsory for every Muslim men and women. According to Mohammad Abduh, education of women is a "religious duty decreed by God since knowledge is the essence of what it means to be human" (Haddad, 2005: 58). Mohammad Abduh insists that men and women are "equal in rights and duties; they are also equal in reason, feelings, and sense of self" and that male and female are "equal in responsibility and accountability to God, that they have the same Islamic duties and beliefs, and they are both enjoined to seek knowledge" (Haddad, 2005: 56–57). Still the TSO roles in education in different MMCs are widely varied (see Chap. 10 for more).

Human security impacts of the TSOs in MMCs have not been (squarely) impressive or uniform. This study, however, shows positive relationships between third sector capability measure (TCM) and higher achievements in human security services like education and health. It also confirms the role of the economy, i.e., the impacts of TCM seems to be influenced by the economy—progressively higher impacts along higher GNI/capita (see Chap. 11). There are also differences in the treatment of women across MMCs.

### 12.3.1 *Culture, Gender Relationships, and TCM*

The Qur'an among other things advises relationships between husband and wife suggesting that the husband has to protect and provide maintenance for the wife,<sup>10</sup> but nothing can be or should be done against the will of the women or without "on a footing of kindness and equity." But if the husband tolerates a bad thing or two he may receive "a great deal of good."<sup>11</sup> The Qur'an says, "Your wives are as a tilth unto you; so approach your tilth when or how ye will" (2:223). Like a good tiller, husbands have to be careful and knowledgeable about the tilth. The best result can be obtained only if one respects the flora's characteristics and let it behave in its own fashion (also see Ali, 1938, note 249). Thus, before husbands go near this loving

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<sup>9</sup>The inheritance law suggests female are to receive a half-of the counterpart male's share in inheriting a deceased estate. This code applies to the will and division of deceased estates, but not for *heba* (gift)—transfer of ownership of property or goods during the lifetime of the donor (see Chap. 3). Women, however, can own and keep her property separate even within a marriage; a wife also is not to bear any financial responsibility of the family (Hasan, 2007).

<sup>10</sup>"Men are the protectors and maintainers of women, because God has given the one more (strength) than the other, and because they support them from their means" (Al Qur'an, 4:34).

<sup>11</sup>"O ye who believe! Ye are forbidden to inherit women against their will. Nor should ye treat them with harshness, that ye may take away part of the dower ye have given them, -except where they have been guilty of open lewdness; on the contrary live with them on a footing of kindness and equity. If ye take a dislike to them it may be that ye dislike a thing, and God brings about through it a great deal of good." (Al Qur'an, 4:19).

“tilth” they must do some good acts for their souls and fear God, and know that they are to meet Him and give Him the news (2:223) of doing good deeds with their wives. Many critics use the first portion of the verse to criticize the gender relationship in Islam ignoring the allegorical meaning of the verse and the advice that follows. The advice essentially suggests that a person can gain only if he uses his wife judiciously and kindly fearing God’s punishment for misuse. Husbands always have to be caring about the wives because they are made each other’s garments (2:187) for mutual support, mutual comfort, and mutual protection, fitting into each other as a garment fits the body (Ali, 1938, note 195). Women’s God given socioeconomic status has been reinforced by the Cairo Declaration of Human Rights in Islam. For example, (a) Woman is equal to man in human dignity, and has her own rights to enjoy as well as duties to perform, and has her own civil entity and financial independence, and the right to retain her name and lineage; (b) The husband is responsible for the maintenance and welfare of the family (Article 6).

Women’s lesser status in many MMCs thus seems to be a social or tribal construct because of targeted misuse of the flexibility in Islam (that allows the continuation of *urf* or local customs and *adat* or customary law that are not contradictory to the Unity of God or anything explicitly forbidden in the Qur’an) most often than not for economic reasons. For example, women’s driving restriction in Saudi Arabia<sup>12</sup> creates about one million expatriate drivers<sup>13</sup> to serve economic interests of the elite. Further, judiciary in Saudi Arabia has been restricting the reform programs of the administration (the King). All Saudi judges (700+) now belong to the Salafi group<sup>14</sup> under the leadership of the minister of justice—a Salafi.<sup>15</sup> In the recent past, there have been instances in Saudi Arabia where the judges have denied educated and employed women in their 30s or 40s rights to marry their chosen men (against the father or other male guardian’s wish) on grounds of “tribal incompatibility.”<sup>16</sup>

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<sup>12</sup> The local law does not restrict the women from driving, but the *Mutawa* police (under the “Committee for the Promotion of Virtue and the Prohibition of Vice”) books the women drivers for “breaking the tradition” (claiming that the freedom of driving will destroy the society’s control over women’s private “behavior” to spread “vices” in the country).

<sup>13</sup> See, an opinion piece by Tariq A. Al Maena (Fresh Look at Saudi Women’s Rights), *Gulf News*, 2 December 2012.

<sup>14</sup> Also known as “Al ash-Sheikh” or the family of “The Sheikh” (a respectful code used to refer to Sheikh Muhammad ibn Abd Al Wahhab).

<sup>15</sup> The *Salafi* group also controls the Council of Senior *Ulama*; the General Committee for Issuing Fatwas, Da’wa, and Irshad; the Ministry of Islamic Affairs; the Supreme Headquarters for the Council for International Supervision of Mosques; and the Committee for the Promotion of Virtue and the Prohibition of Vice (and its implementing arm—the *mutawa* police); school religious education; Islamic universities in Mecca, Medina, and Riyadh; the Ministry of Hajj (pilgrimage); the Ministry of Religious Endowments (*Awqaf*). The Salafi scholars also influence the Ministry of Finance (through *zakat*), print and electronic media, and the military through (religious indoctrination), see Yamani (2008).

<sup>16</sup> Analyzed in good details in “Trampling on the Rights of Women” by Tariq A. Al Maeena, a Saudi commentator, in the *Gulf News*, 24 October, 2010, who basically is suggesting that “The Saudi Judiciary has been the bastion of conservative clerics who are resisting attempts to codify the Sharia.”



Two similar *fatwas* in two different countries in relation to the “*khalwa code*”<sup>17</sup> reflects the depth of the *muftis*’ understanding of the religious code or the dynamics of modern life or the length they are ready to travel to exert their personal views (or preference) on others. In another recent *fatwa*, the Grand Mufti of Saudi Arabia and six of his colleagues, mentioned that the action of the government to employ women as cashiers in the retail business (who are already banned from working as sales girls) is “not permissible” because that will result in the women “mixing with unrelated men” (Gulf News 3. 11. 2010: 10). Thus, while the state is trying to ease the present restrictions on women (which has only legitimacy, no legality), some *muftis* are challenging the state authority in influencing people’s economic and social behavior—not a subject of the *Sharia*’ (see Chap. 3; Hasan, 2012a).

Women’s lesser security or restricted movement in many MMCs seems to be a social construct (which is often upheld by the state). For example, in 16 (out of 19) countries (in North Africa and West Asia), “women need permission from male relative or guardian to get a passport or to travel abroad.”<sup>18</sup> So far gender relationships, in general, is concerned state does not intervene, and thus, some type of seclusion of women is “accepted among some ethnic groups” in nine countries but not in others.<sup>19</sup> Though compulsory dress codes for women are mandated in only three countries,<sup>20</sup> in a few countries some men seem to be keen in influencing other (women’s) private matters.<sup>21</sup> Kinship shapes the spatial relationships within and outside the home “determining who can interact with whom and under what circumstances” (Marston, Knox, & Liverman, 2005: 201). None of these methods of restricting women’s movement is existent in MMCs outside the Arab world where tribal structure is non-existent.<sup>22</sup> Even in “secular” Turkey there has been increasing conflicts between the “public discourse and the private life of individuals” creating “neighborhood pressure” for women to wear headscarf while leaving home (Akkaya, 2012).

<sup>17</sup> Recent suggestions by *muftis* in Egypt and Saudi Arabia of women’s breastfeeding coworkers (in Egypt) or the family drivers (in Saudi Arabia) to satisfy the “*khalwa code*” (that forbids women from “mixing” with *ghair Mahram*, i.e., who the woman can marry) to create a milk-child–mother relationship (with coworker or the family driver making them *Mahram*, i.e., cannot marry) are criticized for the *muftis*’ desire to dictate women how they “should dress, walk, talk, and interact with others” (cf. a subeditorial piece by Mohammed AlMezel in the *Gulf News*, 17 October, 2010).

<sup>18</sup> Algeria, Egypt, Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Sudan, Syria, the United Arab Emirates, and Yemen (all except Bahrain, Tunisia, Turkey) (Marston et al., 2005: 205).

<sup>19</sup> Bahrain, Iran, Morocco, Oman, Qatar, Saudi Arabia, Tunisia, the United Arab Emirates, and Yemen (Marston et al., 2005: 205).

<sup>20</sup> Iran, Saudi Arabia, and Sudan (Marston et al., 2005: 205)

<sup>21</sup> In Algeria, Iran, Kuwait, and Saudi Arabia women in public may face physical attacks for “immodest” dress (Marston et al., 2005: 205). Saudi Arabia, however, has *Mutawa* or “religious police” to enforce gender segregation and dress codes.

<sup>22</sup> In some countries, for example, Bangladesh or Pakistan, women, especially in rural areas, irrespective of their religious background, always accompany male family members for fear of sexual harassment or for security reasons.

In some other MMCs just the number of *imams* (the person who leads the ritual prayer, *salat*) has been a factor in influencing human behavior and government actions. For example, the collective body of *imams* in about 200,000 mosques in Bangladesh thwarted the current government's efforts in instituting a "women development policy" creating gender equality in inheritance, for example, among others. Weak governments, either due to corruption or illegitimate authority, play safe not to agitate the opposition (see later) who tend to use religion for their own benefits. In some other cases, for example Turkey due to the revival of an universal Islamic ideology (resulting possibly from globalization and information revolution) is creating a "non-secular" leadership to run a secular state as claimed by Prime Minister (now President) Erdogan.<sup>23</sup> The trend seems to be symbolizing or demonstrating a Hasan al-Banna effect (the founder of Muslim Brotherhood) who propounded the "possibility of being modern, while remaining loyal to true Islam" (cf. Akkaya, 2012).

Gender inequality is low in most MMCs with high TCM, e.g., in Algeria, Bangladesh, Kazakhstan, Malaysia, Morocco, Tajikistan, and Tunisia with positive gaps (between the HDI and GII indices) expanding from 19 (Algeria) to 68 (Tajikistan). The work also anecdotally confirms that gender equality in education (establishment of schools for boys and girls), health (health service delivery irrespective of gender and religion), and hygiene (for lactating women and infants) in the above MMCs has been a result of as well as a likely reason for high incidence of philanthropic and third sector activities that affected varied positive human security benefits by default.

## 12.4 Varied TSO Roles and Human Security Achievements: Analyzing the Phenomena

Islam by emphasizing public benefit in human (economic and social) relationships offers religious legitimacy, financial potential (with detailed guide on philanthropy and *awqaf*—charitable endowments), and theoretical justification (through the principles of distributive justice) for human security functions of the third sector in providing food, shelter, health, education, and work to the needy. In reality, however, the impacts of philanthropy and the third sector on human security in MMCs have not been impressive or uniform. The question is why? In this part of the discussion, we will endeavor to analyze some possible answers. There seems to be issues related to "social and cultural factors"; "religious flexibility"; "leadership dichotomy"; and "state weakening social structure or political platforms."

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<sup>23</sup> Noteworthy the claim of Prime Minister Erdogan "we are real seculars" because "I am not-a secular person, but I govern a secular state" (Akkaya, 2012).

### 12.4.1 *Social and Cultural Factors*

All 47 MMCs (except Brunei, Bangladesh, Egypt, Indonesia, Iran, Lebanon, Malaysia, and Maldives) have resource-protecting tribal system to influence economic, political, and social matters at varied levels (low, medium, or high). Noteworthy, only 1 of the 21 MMCs in Africa (Egypt) does not display much tribal influence (Table 12.2). In countries such as Bahrain, Kuwait, Oman, Qatar, and the UAE tribal connection is still the source of power, employment, and the “spoils.” Saudi Arabia is based completely on tribal relationships because the “founder” himself married into all influential tribes, and reconfirmed the (eighteenth century) deal made by one of his forefathers with a religious leader belonging to an important tribe. Yemen’s self-promoting army officials had to use its tribal affiliation for survival so the tribal influence was never disturbed. In Libya the “revolutionary” government manipulated the tribal connections in its favor, in particular in the “Local Revolutionary Committees,” so tribal connections became the source of power (as well as conflicts) in the transition period (at the fall of the Gaddafi regime in 2011). Nigeria, created as a “hodgepodge” of many dominant and conflicting tribes (Hausa-Fulani, Yoruba, and Igbo, for example), witnesses people’s moral obligation to the “group” undermines obligation to the state or society, as a whole<sup>24</sup> (Hasan, 2012b), that ultimately influences the third sector roles. On the other hand, Egypt for Italian and postcolonial military intervention, Tunisia for French colonial and postcolonial military intervention, and Lebanon due to the constitutional system of power sharing introduced during the French “mandate” era witnessed waning of tribal power. Primacy of the tribal power in some, and the absence of it in others have shaped the third sector in MMCs.

Community living is also an important phenomenon, especially in MMCs without any tribal structure. Regions of South and South East Asia are endowed with abundant life supporting natural resources (land and water), as a result kinship system in most areas is not resource-protection-based (Hasan, 2012b). In rural societies in these MMCs, people live in close proximity to each other, both emotionally as well as physically, thereby forming “shadow” or invisible social units of “nuclear groups” of meal sharing, “extended family” of name sharing, “kith groups” of ancestry sharing, and “society” or “affinity groups” for pride sharing (Hasan, 2005) like the Javanese, Kurd, Malay, Punjabi, Sylheti, or Turkmen. People in these countries, due to lack of resources and a dominant central government for most part of their history, have lived in harmony by creating informal communities for mutual help in education, health, skills development, or other public services in sedentary communities in MMCs in as diverse a place as the Levant or Al-Sham (now forming Jordan, Lebanon, and Syria, among others) or India (now Bangladesh, India, and Pakistan).

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<sup>24</sup>For example, prevailing morality in Nigeria is described as “good if they benefit a few thousand kin at the expense of the nation” (Collier, 2010: 54).

The four roles of TSOs (service, innovation, expressive and leadership, and community building and democratization) discussed earlier are high in only eight MMCs (Bangladesh, Egypt, Indonesia, Lebanon, Malaysia, Pakistan, Tunisia, and Turkey). In these eight MMCs traditional spatial communities is the most common feature, as opposed to any rigid tribal power structure (except a little residue of the tribal system in Tunisia and Turkey) (Table 12.2). In five other MMCs (Algeria, Jordan, Morocco, Syria, and Yemen) with a mixture of high, medium, and low levels of performance of the four TSO roles, the spatial community is large (with very old, traditional, and influential structure); and the influence of the tribal structure is low (except for Algeria and Jordan)<sup>25</sup> (Table 12.2). Reinforcing the above contention, two common features in the 14 MMCs,<sup>26</sup> where TSOs show medium, low or no achievement in the above four roles, are opposite to the features visible in the above group: high tribal influence except in Afghanistan (Medium); and no, small or at best “medium” existence of traditional spatial community because of the nomadic past of the people (Table 12.2).

It seems that the growth of the third sector and its human security roles is a matter of evolution, not revolution. People with tradition of living in communities mutually helping each other in the absence of any governmental system continued their community-centered behaviors being allowed to form informal or formal collective public service delivery organizations even in postcolonial (often authoritarian) states. Countries with closed systems that define an individual’s social community (tribal) status according to birth did not have open access community environment and could (or did) not develop effective service providing third sector primarily due to the absence of social mobility and openness—fundamental conditions of social organizations (also see Chap. 4). Islamic tenets and Muslim communities historically may have welcomed human security roles of the third sector, but human security functions of these organizations seem to be subjected to local traditional power structure, irrespective of the state or governmental character. Religion and its flexibility also played significant role in the phenomenon.

### 12.4.2 *Religious Flexibility*

Islam is a holistic religion and prescribes a regulatory framework encompassing all aspects of life: spiritual, social, economic, and political. In the Islamic system it is, thus, hard to separate religion from governance of people. Further, Islam does not

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<sup>25</sup> There have been an assumption that the authoritarian systems have been restrictive to TSOs (Salamon & Anheier, 1997), but only in civil law countries because of a lack of “social origin” (Salamon & Anheier, 1996) of the third sector or community sector resulting from strong state or tribal/ethnic control. It seems, however, that in MMCs under study the traditional role of the people matters, not the legal system of the country.

<sup>26</sup> Afghanistan, Azerbaijan, Bahrain, Brunei, Oman, Kazakhstan, Kyrgyzstan, Kuwait, Qatar, Saudi Arabia, Tajikistan, Turkmenistan, the UAE, and Uzbekistan.

authorize any intermediary (like the Pope or political cardinals) between God and the Believers. Each Muslim, having *Shari'a* authorization to be his/her own priest (because no one is higher than the other, Ali, 1964: 165), has higher responsibility than the followers of any other Faith in economic, social, political matters as well as in the practice of the rituals. In the absence of a centralized regulatory system, many Muslims individually and collectively, over the years have tried to exploit the perceived “vacuum” through purposive selective interpretation of the “Code” for personal or group benefits. These matters, born out of flexibility in Islam, can be discussed as “structural” and “interpretative” issues.

#### 12.4.2.1 Structural Minimalism

Islam suggests and promotes a decentralized system of codification and practice within the fundamental framework based on the spirit of submission to the “Will of God” manifested in *ibadah* (“ritual” prayers maintaining human beings’ relationship to God), *taqwah*,<sup>27</sup> human equality, justice, and peace (a literal meaning of “Islam”). Islamic law has been defined by many early jurists to expound different *madhhab* (or doctrine commonly known as “schools”) observed by Muslims in different parts of the world. Further, Islam, in the context of dealing, in particular, with contemporary local issues, emphasizes “public interest” (*masalih al-mursalah*) (Chap. 3; also Hasan, 2012a), and approves *urf* (local customs) and *adat* (customary law) that are not contradictory to the Unity of God or anything explicitly forbidden in the Qur’an.

Thus, there is no world body, and only very limited national authority to influence individual behavior of common Muslims or their (often self-proclaimed) local spiritual leaders. Some political religious positions were introduced in Muslim communities during the rules of the Umayyad (661–750 CE) and Abbasid (750–1258 CE) Caliphs who used to rule claiming Divine rights to do so (Hasan, 2012a). A (political) position for a scholar of Islamic jurisprudence, *mufti*,<sup>28</sup> was institutionalized during the Ottoman times, with “a hierarchy of *muftis* culminating in the Chief *Mufti* of Istanbul.” The practice continued in independent states of the past Ottoman regions, mostly in West Asia, but is not existent in most MMCs because there is “no intermediary in the form of power or matter between the Creator and His creation” (Nomani & Rahnema, 1995: 34).

In most post-colonial societies, the rulers and governments play safe leaving most practices to the Believer’s own conscience and community decisions, per the basic tenets of Islam. The irony is while the early religious scholars strived and suffered to protect Islamic pluralism and highlight the “Golden Mean” (see Hasan, 2012a) some recent self-proclaimed religious leaders are using the (authorization) gap to destroy pluralism

<sup>27</sup> *Taqwah* is not occasional remembrance, rather is undertaking every action only to seek God’s pleasure (thus business activities, for goods and service delivery with socially or environmentally responsible actions, to earn God’s pleasure, become *ibadah*), see Chap. 3.

<sup>28</sup> A person authorized to issue *fatwas*—religious edicts—on contemporary issues or on matters not covered by the existing literature.

and promote extremism even in the practice of philanthropy. The situation has been tackled in some MMCs administratively that in turn destroyed the religion-state divide, often engaging the religious scholars to protect the establishment in a give-and-take arrangement harming the religion and rescinding the individual's God given "freedom" from any religious "intermediaries," in making decisions related to philanthropy or TSOs, among others. In any event, purposive interpretation of the Islamic tenets also has become a major problem in the practice of Islam, and philanthropy in many MMCs.

#### 12.4.2.2 Multiplicity of Interpretation

The Qur'an, for the first 13 years of revelation (encompassing around 18/30 parts known as the Mecca passage), established the moral and ethical foundation of the Muslim community (An-Naim, 2002). The "Mecca passage" highlighted the fundamentals of the Religion—God is the only creator, the Prophet is sent as a "Warner," everybody has to account on the Day of Judgement—summoning human beings to acknowledge God's supremacy and goodness, and worship God acting uprightly in practicing generosity avoiding niggardliness (Watt, 1961: 44). Since this peaceful "Mecca passage or message" of fundamental social and economic egalitarianism was violently rejected in Mecca and Arabia in general, the latter part of the Qur'an (the "Medina passage" revealed for another 10 years following the Prophet Mohammad's migration to Medina) included advices to deal with the aggressors, commands for social and economic activities, guidance for establishing human relationships, and became codified in *Shari'a* as a model (An-Naim, 2002).

Due to low level of popular support and lack of interest in holistic implementation of Islamic norms of justice, many Muslim rulers historically and in the modern times have introduced high-impact shortcuts of *hudud* laws (God ordained corporeal punishments; singl. *hadd*) to divert people's attention from the major economic or political issues neutralizing, in the process, the small extreme group's demands for *Shari'a* law.<sup>29</sup> The truncated introduction of *Shari'a* is actually a defense mechanism of the regimes concerned. Thus, in reality, such actions ignore distributive justice related economic principles of Islam because that is to benefit the poor, and "disadvantage" the rich—hence unpopular.

Further, the guidance in the Qur'an, in most cases, is very broad. For example, the Qur'an advises to "Fulfil obligations,"<sup>30</sup> without outlining them. The Prophet, Caliphs, later scholars, and the exegetes have elaborated on these obligations analyzing the fundamentals of Islam. These are defined to be interconnected Divine obligations guiding the individual, social, and public life of Muslims, mutual obligations of commercial and social contracts, treaty-based obligation as citizens of states, and tacit obligations living in a civil society (Ali, 1938, note 682 explaining the verse).

<sup>29</sup> They ignore the fact that even in the early days of Islam *hudud* laws were not implemented in the case, for example, of stealing (because the government was ready to accept failure that forced people to the crime) (Ali, 1964).

<sup>30</sup> For more see Al Qur'an 5:1.

The general guidance of economic or social obligations in Islamic literature are open to varied (mis)interpretations, unless the fundamentals of peace and justice are considered without any undue preference to one's self, family, group, or tribe.

Philanthropy is one such activity that relates essentially to family responsibility (due to the absence of governmental social security program for the ill-fated individuals in the family) and often precludes provisions of support beyond the family. In most cases, however, it is not paid, accounted for, or utilized according to the "Guide." The Guidance suggesting not to interfere (e.g., *zakat* payers themselves are to calculate applicable *zakat*, see Chap. 5), emphasizes distributive justice or public benefit. Opportunistic individuals tend to pick and choose dicta that benefit the *zakat* payers.

There are some encouraging and replicable examples though. Considering the concept of "public benefit" and the need of the present world, Malaysia, in order to ensure the possible best use of *zakat* expanded the "eight groups" of *zakat* recipients<sup>31</sup> (see Chap. 5). Pakistan did not change the "eight categories," but has elaborated the *zakat* distribution system focusing on education, health, and poverty alleviation. The distribution system in these MMCs have enhanced human security benefits of *zakat*, more importantly, however, due to better visible outcomes have attracted prospective *zakat* payers to this formalized effective system causing exponential growth of public benefit outcomes. *Zakat* funds, in other political jurisdictions, strategically targeted human security provisions like education, health, employment, business capitals for cash-poor entrepreneurs (Egypt) (Atia, 2011), or skills development programs as well as for programs eliminating poverty (Brunei) (Abdullah, 2010).

These actions, however, have critiques—religious "authorities" in many MMCs who tend to pursue the literal meaning of the Dicta. Thus, there are claims that donors, in the "reformed" *zakat* distribution systems that use *zakat* funds for community programs, as in Malaysia or Pakistan, might benefit from their own contributions, in violation of the traditional *fiqh* (Islamic jurisprudence) (Powell, 2010). There is also the argument that the principle of *tamliq* (i.e., the *zakat* payer has to make the recipient "own" the "*zakat*") does not allow for the construction of schools or provision of medical services with *zakat* funds. The counter argument (interpretation), however, is that the principle of *tamliq* does not necessarily mean "*tamliq* to the *Fakir* or *Miskin*," and may be satisfied by transferring *zakat* to agencies or organizations using it for the suggested purposes<sup>32</sup> (Quader, 2003: 90). The *tamliq* interpretation in Egypt, however, allowed *zakat* to be invested in constructing factories, farms, or other income-generating enterprises as long as the targeted beneficiaries become shareholders or partners in the proposed industrial, commercial, or

<sup>31</sup> For example, the category "Those in bondage or to free slaves" has been expanded to include: to free Muslims from ignorance; to free a Muslim community from a very oppressive condition; and to free those trapped in prostitution (see Chap. 5).

<sup>32</sup> Kahf (2003) suggests a solution to this issue: *zakat* can be given to a poor person on condition that the recipient use it for health services. Medicine can also be given because medicine is something that a poor can own. Thus, *zakat* money cannot be given to a health center to provide medical service to the poor by hiring a doctor. One can also provide shelter with *zakat* money on condition that he or she will be made owner of that house (Kahf, 2003: 85).



agricultural initiatives (Atia, 2011). There are thus replicable examples, only if the individuals listen.

Muslims are to enjoy God given authorization to perform economic and social activities with good intentions for public benefit following each other's good examples. Problems occur when individuals (such as an *imam*, essentially a leader of ritualistic prayer or a permanent prayer leader of a mosque for Sunni Muslims<sup>33</sup>), exploiting the flexibility in the Religion, claim interventionist role between God and other human beings with varied interpretations of the Guidance creating a leadership dichotomy in Muslim communities.

### 12.4.3 Leadership Dichotomy

Islam's flexible structure is strength of the religion, but may be a cause of weak leadership. Since Islam offers guidance on politics, economics, society, state, government, etc., the rulers over the years have felt a need for getting their political actions or policy programs authenticated, for general public consumption, by the religious leaders. The position of *mufti*, created during the Ottoman era, has been allowed to continue in many independent states. Over the years states thus have played important roles in reframing Islamic tenets and leadership.

Noteworthy, the tradition of philanthropy helped create honest scholars not subjected to state funds, sycophancy, or suppression. Historically many *ahbas* (endowments created to meet salary and other expenses of the *ulema*, see Chap. 3), and *awqaf* supporting religious seminaries and education helped Islamic scholars and students to maintain a degree of freedom from or dependence on the ruling elite. This allowed a good number of Muslim scholars to move into positions of community and popular leadership, and to act as outspoken representatives of the society in any confrontation with the state authority. The situation has been changed in the recent past with a purpose. For example, Muslim charitable endowments (*awqaf*; singular, *waqf*) as owners of vast agricultural land, and sponsors of school systems in early Soviet Central Asia were at the heart of the efforts to reform agriculture, landownership, and education systems in "liberated" Central Asia. The process began much earlier, e.g., the French colonial authority, in 1831, took control of the *awqaf* properties in order to suppress religious leaders. Governments in MMCs, especially in former Ottoman areas, to reduce the scholars' freedom took over the *awqaf* (claiming to be releasing prime agricultural lands for land reform) (see Chaps. 4 and 5; Hasan, 2007).

The politicians have the authority but not the will for creating a religious leadership to make others follow the basic principles or values of Islam because the reform is to undermine the reformer. Islam makes everybody (the interpreter, the implementer, and the adjudicator) subjected to God, His commands, and the Law.

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<sup>33</sup>The term in Shi'a Muslim theology relates to the concept of *imamah*—the leadership of the community after Prophet Mohammad that begin with Imam Ali ibn Abu Talib.



The ruler is subjected to the law and accountable to God and the Believers are commanded to use their intelligence and knowledge to undertake the worldly affairs with justice, being fair in decision making (6:152; 17:35), not misusing authority to break the trust (al Qur'an, 4:58), and not being involved in nepotism (4:58; 6: 152; 16:90) (see Hasan, 2012a). Thus, comprehensive Islamic principles are to restrict political leadership.

In the absence of a strong and popular political system, governments in many countries for a long time have been uncomfortable in taking a conclusive position about delicate religious issues including the improvement in the *zakat* and/or *waqf* administration. Many MMC governments, not having much support among the citizenry, fear repercussions for any measure that may seem to be reforming the religious matters undermining the religious leaders' (remaining) authority. In fact, governments in many MMCs by using the religious leaders' subjective edicts to benefit themselves have become subject to the latter.

Thus, politicized religious leadership, as in Saudi Arabia, worsens the situation, reducing state power. The establishment of the Saudi political system is a result of a strategic pact concluded in 1733 CE between Muhammad ibn Saud (eager to extend authority from the Arab/Persian Gulf to the Red Sea to rule the "lands and men") and Muhammad ibn Abd al-Wahhab (who promised to supply the former with "glory and power" in exchange for championing his puritanic message of "going back to the basics") (Lacey, 2009: 10–11; Hasan, 2012a). The deal was reinforced once in 1932 by Abdul Aziz bin Abd al-Rahman al-Saud (a great-great-great grandson of Muhammad ibn Saud), and again in 1965 by Abdul Aziz bin Baz (no relation with Muhammad ibn Abd al-Wahhab; Grand Mufti of Saudi Arabia 1993–1999). The ultimate "triumph" of the religious leadership over the Saudi state arrived in the context of the rulers' decision to get the clerics' approval to break the Mecca siege<sup>34</sup> (in 1979). The 1979 deal between the *umara'* (rulers) and "*ulema*" (scholars) greatly restricted the former's authority (Montagu, 2010) requiring it to seek religious authorization for all policy matters.<sup>35</sup>

In many other MMCs, because of the existence of weak government, the situation is different; for example in a poor country like Bangladesh, the protectionist religious leaders, having a free hand on *zakat* funds collected by the mosques and shrines, threat to label the government "un-Islamic" if the government does anything that may undermine the former's traditional roles in *zakat* management, even if the reform moves are to improve public benefit of Muslim philanthropy (Hasan, 2007). Further, local *zakat* committees like in Egypt, being subjected to the influence of local mosques, have been protective of such relationships. Thus, the hegemony dimension of the religious leaders is more complicated, and significant in influencing human security outcomes of philanthropy and the third sector in MMCs.

<sup>34</sup> The Holy Kaba was sieged during annual *hajj* pilgrimage in 1979 by hundreds of armed Muslim radicals from Iran, Saudi Arabia, and the USA calling an end to Saudi Monarchy. The rulers needed authorization to break the siege because Islam prohibits violence inside the area. Dozens were executed after summary trials.

<sup>35</sup> This paragraph is based on Hasan, 2012a.

Religious leadership is a major problem in many Muslim communities because the religious “leaders” do not seem to have appropriate education<sup>36</sup> or authority. On an average one mosque for every 500/600 people (as evident in South Asia) may add up to at least 1.6 m mosques in MMCs for about one billion Muslims (see Hasan, 2012a). At least one *imam* and one *muezzin* (one who calls the *adhan*—the call to prayer) for each mosque have huge religious influence on local communities. There is no organized education or training program for potentially millions of such religious “leaders.” Low level of education of Muslims, in general, in many MMCs compounds the problem. Local *imams* (who may be a *qari*—artful reciter of the Qur’an, or *hafez*—who memorizes the whole of the Qur’an) are not conversant in Islamic jurisprudence, but are to provide solutions or suggest actions in dealing with contemporary issues faced by common Muslims. They (with intentions primarily to protect their job as the *imam*<sup>37</sup>) tend to serve edicts (on private social, political, or economic issues) that are often not supported by the fundamental tenets of Islam (because that never had been a part of their teachings, anyway) but serve the purpose of the powerful local individuals. The convergence of interests of the political leadership (often at the local level), and the religious leaders have reinforced both the actors’ positions (which is highly dependent on social structure) at the expense of public benefit in MMCs. The situation have been tackled in many MMCs, e.g., in the GCC countries (except Saudi Arabia), in favor of the rulers where a government department dictates and monitors the *imam*’s preaching and make sure the latter do not issue any religious edict (Hasan, 2012a). Further, religious edicts of the *mufti* may serve the establishment, not the common people or the Religion.

To complicate the matter further, the secular world in MMCs like the low income countries, with many TSOs, has lost the urban middle-class (the protector of ethical values upholding social justice) because of the influx of overseas (NGO) funds. Overseas funding agencies have shown a tendency to avoid actions that may generate allegations of meddling in domestic affairs of the recipient countries. Academics and intelligentsia (i.e., the possible secular social leadership), involved in research studies, consultancy works, or overseas funded NGO activities in MMCs, like all other countries in Africa and Asia, have withdrawn “voice” because of strategic financial reasons. Further, the “rentier” states promoting a dependent class (primarily through oil revenues or other licensing regimes, e.g., the *kafala* or sponsorship system in the GCC countries<sup>38</sup>) facilitate the emergence of “a dependent bourgeoisie unable to and

<sup>36</sup> On an average one mosque for every 500/600 people (as evident in South Asia) may add up to at least 1.6 million mosques in MMCs for about one billion Muslims (see Hasan, 2012a). At least one *imam* and one *muezzin* (one who calls the call to prayer, *adhan*) for each mosque have huge religious influence on local communities. There is no organized education or training program for potentially millions of such religious leaders.

<sup>37</sup> This community assignment does not draw much pay but brings in perks. For example, free meals, fees for leading many rituals in life-cycle ceremonies (e.g., birth, marriage, or death).

<sup>38</sup> The system requires all expatriate employees to have a *kafala* or sponsorship. The civil businesses and unskilled workers end up having a citizen as “legal guardian” (“patron”) responsible to the respective government for their “clients”; skilled workers are sponsored by the employers.

unwilling to engage the state in alienation of rights, responsibilities, and obligations” (Kazemi, 2002: 42) in an organized, or any other, form. There is no example of influential TSOs in any MMC engaged in providing leadership for improving human security service roles of philanthropy, Muslim charitable foundations, or other TSOs in MMCs. The hegemony of religious leadership (coupled with the absence of secular leadership) hinders human security roles of philanthropy and the TSOs in MMCs. The “state weakening social structure or political platform” muddles the situation.

#### ***12.4.4 State Weakening Social Structure or Political Platforms***

Weak state, where the Weberian state supremacy of using coercion is compromised, has been a character of many MMCs. The third sector legal environments seem to be “enabling” in countries where the state is not categorized “extremely weak” or “weak,” conversely, “restrictive” or “neutral” third sector legal environments, in general, are in “extremely weak” or “weak” states as defined by a score below 5.94 in the Weak State Index<sup>39</sup> (see Chap. 4). Among the 47 MMCs in Africa and Asia, 15 have formalized *zakat* collection and distribution system either making it mandatory (Libya, Malaysia, Pakistan, Saudi Arabia, Sudan, and Yemen) or not mandatory (Bahrain, Bangladesh, Egypt, Indonesia, Iran, Jordan, Kuwait, Lebanon, and the UAE). Eight of these 15 MMCs formalized the *zakat* management system as “strong state” during military rule, and the rest under Islamic revolutionary rule (Iran) or hereditary rules (Bahrain, Jordan, Kuwait, and the UAE) (see Chap. 4).

Military governments seem to have played important roles in reforming philanthropy and third sector in many MMCs. Twenty-eight MMCs did experience military intervention in politics. Information on third sector legal environments, however, is not available from 13 of these countries; in the remaining MMCs third sector legal environments are classified as “enabling.”<sup>40</sup> One of the most successful third sector regulatory systems was introduced in Pakistan by the military ruler in the 1980s (that followed another military ruler’s reforms in the 1960s). Legal instruments introduced by the military governments as tools of neutralizing political activism became a stimulus for TSO growth (follows Hasan, 1991, 2001). On the other hand, only four MMCs (Jordan, Iran, Malaysia, and Morocco) of the 19 without military intervention in politics have “enabling” third sector legal environment and 5 have “neutral” legal environments.

Tribal power and/or ethnic group membership reinforced governmental powers in both (weak and military) states undermining the third sector and its public service

<sup>39</sup> Weak state data are from Rice, Susan E., and S. Patrick (2008). Index of State Weakness: In the Developing World, 2008, The Brookings Institution, Washington, DC. Nos. 1–3 Failed states; 4–28 critically weak states; 29–56 weak states.

<sup>40</sup> It can be noted, however, that this finding is contrary to some earlier assertions in reference to TSOs in the low income countries, like “reflecting the generally authoritarian politics of the country, it should therefore come as no surprise to learn that the legal structures for nonprofit activity have been quite restrictive” (Salamon & Anheier, 1997: 16–17).

roles (Tables 12.1 and 12.2).<sup>41</sup> Military governments could not do much in some MMCs because of the existence of many powerful tribal groups and their (internal conflicts or at least) competitions. Tribal power structure help perpetuate the “rentier state.” Internally the rentier states dependent on either oil or security rents for their revenues tend to promote autonomy of the state from society (Kazemi, 2002: 43). The third sector, as a result, fails to grow as in the oil economies.

The sources of governmental power (election, selection, and heredity), defined in this chapter on face value without being judgmental, show no direct relationships with third sector legal environments. Current governments in 27 of these 47 MMCs are formed through some type of elections, in 6 of them (Egypt, Libya, Maldives, Somalia, Tunisia, and Yemen) the government is currently in transition. Five MMCs (Chad, Guinea, Guinea Bissau, Mauritania, and Syria) have self-selected government under an authoritarian system. Governmental power is based on heredity in the last nine MMCs. There is no conclusive relationship between the source of power and third sector legal environments. For example, two countries with hereditary system (Jordan and Morocco) have enabling third sector legal environments; conversely, seven countries with elected governments have restrictive or neutral third sector legal environment. Election-only “democratic governments”, also known as, “elected autocracies,” “reverse democratizing,” or “democratizing backwards” governments<sup>42</sup> regulate TSOs (with new requirements for accessing overseas funds, licensing, or monitoring). In fact, in some (re)democratizing countries such as Bangladesh, Pakistan, or Nigeria third sector legal environment have become stringent under elected governments (Table 12.1).

Elections in these MMCs create competitive authoritarianism (Giersdorf & Croissant, 2011) where the governments, elected in free and fair elections, abuse state resources, deny the opposition adequate media coverage, and spy on, threaten, harass, jail, exile, or assault (or even liquidate) critics, dissidents, journalists (Levitsky & Way, 2002). Elected legislature in competitive authoritarianism provides its members key benefits including “immunity from prosecution, access to media and funds” for hiring staff (Way, 2004), and a ladder to economic power. These governments manage the situation in their favor with the help of “patrimonial” political parties. These parties practice “leader-centered democracy”<sup>43</sup> where allegiance flow towards and power flows from the leader without any internal accountability system,

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<sup>41</sup> Tribal structure influences security situation in many MMCs. For example, Boko Haram in Nigeria, the Talibans in Afghanistan, or other extremists cannot be defeated because of the reluctance (if not non-cooperation) of their fellow tribesmen in the state security apparatus or even in the defense force.

<sup>42</sup> The “third wave” of democratization, that began in 1974 (Huntington, 1991) has been, argued by some, as democratizing backwards by introducing competitive elections before establishing rule of law, institutions of civil society, and accountability of the governors (see, Hasan, 2006; Rose & Shin, 2001).

<sup>43</sup> In some political parties the phenomenon is constitutionally explicit. For example, constitutions of the two largest political parties in Bangladesh (forming successive elected governments in the country) use the term, which the party members and sympathizers “proudly” remind the critiques.

competition for filling party offices, or transparency in finalizing party nominations for the elections. The “spoils” primacy (ignoring “merit”) in the nomination system strategically reward for “nurturing” (or even manipulating) the “vote banks” or “contributing” to the party (election) funds. These protective “political parties,” devoid of any democratic norms, are but political platforms to gain power for some “cronies” under a leader. While in power they tend to eliminate competitions including the third sector that are likely to outshine them with public service records, if not expose their true colors and purpose.

The above three important factors (i.e., tribal influence on social, economic, and political affairs; military involvement in politics; and the sources of governmental power) seem to be most influential in third sector functioning and its public benefit outcomes. These three factors are combined for this study to develop a state support score (SSS<sup>44</sup>) analysis system (Table 12.3) with possible highest score of 15 and a reasonably good score of 10. The analysis is to establish a relationship between the SSS and third-sector capability Measure (TCM),<sup>45</sup> discussed before. Twenty-four MMCs have ten or above SSS. Complete information about all three criteria for the TCM (i.e., third sector legal environment, the governments’ regulation of philanthropic activities, and the third sector density) is available from 11 of these 24 MMCs. These 11<sup>46</sup> MMCs scored high (8–15) in the TCM.

Nine other MMCs have high “third-sector capability Measure” (TCM) but with lower “state support score (SSS).” The SSS in these MMCs is lower because of high tribal influence and no military involvement in politics. Four of these MMCs (Bahrain, Jordan, Morocco, and Saudi Arabia), however, have hereditary systems under the control of a powerful tribe. Three MMCs (Kazakhstan, Tajikistan, and Uzbekistan) with low SSS and higher TCM have reasonably strong spatial community influence that helped the third sector grow. In the last two MMCs (Mauritania and Yemen) the third sector legal environment influenced by the military governments are categorized as neutral, so with low SSS these two MMCs achieved higher TCM (Table 12.3).

It seems that the influence of tribal power in economic, political, and social matters create a state model of its own—a “kinsociational” state or governance model.

<sup>44</sup> The State Support Score (SSS) is a combination of three criteria: sources of government power (Column, 3, Table 12.1) by: Election (score—5), Heredity (4), Transition (3), Selection (2); Military in Politics (Column 4, Table 12.1): Yes (5), No (2); Tribal influence in social, economic, and political systems (Column, 5, Table 12.1): Nil (5), Low (3), Medium (2), High (0). Total maximum score: 15.

<sup>45</sup> TCM is created using three sets of scores. Feature of *zakat* management in the country (Column 7, Table 12.1): Mandatory—5, Formal—4, Informal—2; the character of TSO laws (Column 8, Table 12.1): Enabling—5, Neutral—4, Restrictive—2; TSO Density score 1—<10.0; 2—10.1–25.0; 3—25.1–50.0; 4—50.1–100; 5—100.1+. 5 (Column 9, Table 12.3). Total highest possible TCM: 15. Please note TSO density (per 100,000) population is discussed in Chap. 6.

<sup>46</sup> Algeria, Bangladesh, Egypt, Indonesia, Iraq, Lebanon, Libya, Malaysia, Pakistan, Sudan, and Tunisia.

The “kinsociationalism”<sup>47</sup> seems to be different from the Weberian “patrimonialism” where the kinship is the source of or reason for sharing state power. “Kinsociational” model or “kinsociationalism” seems to show that the state (or the government) without any formal “social contract” accepts the use of or uses the kinship (of affinity and descent) in influencing state power i.e., power-dispersal by default among many dominant tribal entities (e.g., Nigeria) or one dominant and many non-competing tribal entities (e.g., as in the Gulf countries). In the MMC “kinsociationalism” the third sector and its human security outcomes, as analyzed in the “third-sector capability Measure” (TCM), are restricted, due to low “state support score (SSS),” and are likely to be so in the foreseeable future.

## 12.5 Concluding Remarks

Muslim traders, travellers, individual missionaries, and sufis carried Islam to the east of Arabia (arriving the southwest coast of India in 636 CE) offering the messages of peace, fraternity, and mutual support. Islam expanded widely in Central Asia, South Asia and Southeast Asia for philosophical (positive), social (negative; emancipation from the traditional system promoting inequality among human beings), economic, and political reasons. While North Africa became Islamic as well as Arab, other parts of Africa with resilient culture and (resource-dependent) social structure adopted Islam in their traditional systems. Muslims are allowed to follow *urf* (local custom) and *adat* (customary law), in dealing with current issues, not contradicting to the Unity of God or anything explicitly forbidden in the Qur’an or in authentically established *Sunna*. Such provisions reinforced the importance of “public interest” (*masalih al-mursalah*) in Islamic jurisprudence. Muslim scholars, rulers, and communities over the years have reinterpreted economic and social tenets of Islam for the above reasons. The fundamental purpose of these reinterpretations had been to ensure that economic and social activities in the contemporary world fulfil public interest (*maslahah*) and the objectives (*maqasid*) of the *Shari’a* (Abdalla, 2012).

Major aspects of philanthropy, for the above reasons, have passed through reformed processes in many Muslim majority countries (MMCs), with a major focus on the obligatory charity (*zakat*). These reform measures, in most cases, have been supplemented by efficient and effective *zakat* collection and distribution systems to increase its human security impacts. In the absence of a unified and central body of Muslim scholars in Sunni MMCs, many governments (or legislative bodies) introduced reforms in Muslim philanthropy adapting to changes in the modern world. There have been some successful models (e.g., from Malaysia or Pakistan) of better managing philanthropy creating higher human security impacts.

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<sup>47</sup> This model is different from a “consociational” model or “consociationalism” (where the inherent idea is democratic coexistence through power-sharing by varied interests, religions, and ideologies); or that of “confessionalism” (political coexistence of various “confessional” groups) as in Lebanon.

These reform measures, within the basic principles and guidance of Islam, were introduced and enforced like the reformed family laws in many MMCs.<sup>48</sup> A reformed system of *zakat* management may improve the extent and outcome of philanthropy, but is subjected to local power structure in a weak state—a characteristic of most MMCs. These reform measures have been successful mostly under military rules, but were never attempted or successful in MMCs with high tribal influence, or no/small spatial community structure. The third sector in MMCs, as a result, has developed differently with different features, roles, and responsibilities achieving varied human security outcomes being weaker, in general, in MMCs with resilient tribal structure and stronger in MMCs with traditional local communities. The third sector legal environment in MMCs, in general, has been a matter of evolution, not revolution (except for Iran).

In the recent past, laws related to Muslim charitable endowment (*waqf*), or other forms of TSOs have also been reformed in many MMCs. Some new measures have been successful in improving the management and human security outcomes of the *awqaf* with the introduction of board of trustees (replacing the sole powerful *mutawalli*), a registration system with the government, a system of preparing complete inventory of movable and immovable *awqaf* assets, and a mechanism ensuring all concerned people's accountability to the government. Nonetheless, the successful reform measure of one MMC has never been emulated in another because the religious leadership tends to be protective of their "authority" on Islamic matters ignoring others, within or across the borders.

The human security outcome of philanthropy and the third sector, as a result, is not notable in many MMCs. Philanthropy related acts, e.g., paying or receiving *zakat*, are allowed to remain informal (subjected to the local social structure) in some MMCs with no or low visible human security impacts. Some other MMC governments, with interests in protecting their "traditional" social service roles and no interest in sharing the responsibility of social service provision with the third sector, restrict the latter. Often these MMCs turn out to be the worst performer in human security delivery, as analyzed in Chaps. 9, 10, and 11 using cases of four human security elements (water, education, health, and work), and "measured" in Sect. 12.3.

"Social and cultural factors," "religious flexibility," "leadership dichotomy," and the "state weakening social structure or political platforms" seem to significantly influence the third sector and their human security impacts in MMCs. Further, the analyses show strong relationships of the third sector legal environment or their human security performances with military intervention in politics and the social power structure, but not with election (in "reverse democratizing" MMCs).

In fact, the election-only "democratic governments" in many MMCs "democratizing backwards" create much problems for the third sector. These governments tend

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<sup>48</sup>There are already models of government's initiatives in reforming Islamic system of human relationships. For example, many Muslim majority countries have improved family laws to suit the present day needs making it compatible to respective civil laws within the basic principles of Islam. For an excellent discussion and analysis of major "transition and transformation" in family law all over the world, readers may like to see An-Naim (2002).



to regulate TSOs introducing new laws, licensing systems, monitoring mechanisms, etc. Elections in these MMCs create competitive authoritarianism (Giersdorf & Croissant, 2011) where the governments, elected in free and fair elections, tend to eliminate competitions including the third sector that are likely to outshine them with public service delivery records. Worse still, the TSOs, mainly trusts or foundations not membership organizations devoid of any democratic values and principles, become defenseless in such situation, as evident in Bangladesh, Egypt, Nigeria, or Pakistan (see Chap. 4). This is because these large trust entities, with thousands of clients, not members as in associations or social organizations, deprived of their own rights, create only little or no political impacts. These TSOs in MMCs thus play some service, innovation, expressive, or community building roles, but no advocacy, leadership development, or democratization roles. Thus, high TSO density is an important, but not enough, factor for improving human security outcomes of the third sector because this study found that the TSO density and “third-sector capability measure” (TCM) are subject to social structure and governmental power relationships.

This seems to be an interesting phenomenon for the third sector researchers,<sup>49</sup> also evident in the so-called “Arab Spring.” The three forerunners (Tunisia, Egypt, and Yemen) in urban grassroots “social movement” in the Arab world in 2011, incidentally have the highest TSO density in the region: 138.88, 33.13, and 28.68, respectively. In fact, TSOs in Tunisia, as evident from the available data (Table 12.1; and Chap. 6), is the sixth largest in MMCs (after Bangladesh, Malaysia, Indonesia, Kazakhstan, and Turkey), and, the largest in the Arab region. These three MMCs also experienced and benefitted from modern TSOs formed as early as 1821 (Egypt), 1887 (Yemen), and 1896 (Tunisia) (see Chap. 6). These three countries witnessed governmental takeover of the *awqaf* and better management of their properties for better human security outcomes. Thus, political agitations beginning in 2011 in Tunisia were not accidental, rather results of an evolutionary process.<sup>50</sup> Among these three MMCs general outcomes of the grassroots urban agitations have been most positive for the people in Tunisia, followed by Egypt and Yemen—incidentally these countries, respectively, have low, no, and high tribal influence in social and political sphere (Table 12.1). With “high” tribal impact on political affairs, Yemen is likely to have the least success in political and social reforms from the recent urban social movement. Due to the above factors, with similar “third sector capability measure” (TCM), these three MMCs have different “state support score” (of 11, 13, and 08, respectively) (Table 12.3). Thus, the third sector (allowed by the respective governments to neutralize political activism) seems to have played significant role in transforming the political sphere in these three MMCs, being subjected to varied status of the above factors. Noteworthy, the outcomes in these MMCs are not

<sup>49</sup> The phenomenon is analyzed in Hasan (2011) to some extent.

<sup>50</sup> TSOs were formed in Libya and Lebanon in 1878. That is why these countries had democracy before they fell to the armed forces (Libya) or faced religious conflicts (Lebanon). Lebanon and its TSOs have survived well but Libya lost the “third sector” due to the military, tribal influence, and the imposition of a new “closed ideology” after the “revolution” in 1973.



as significant as the existence of large number of membership organizations could have in settling democracy, upholding the democratic values, or creating democratic institutions (as in Indonesia).<sup>51</sup>

The formation and functioning of membership organizations practicing accountability, (merit-based) competition in public affairs, mutual respect, tolerance, and transparency is likely to improve human security outcomes of the third sector in MMCs. Membership-based TSOs cannot be superimposed in the social structure, the social system needs to open up gradually to adapt to the changing world. The system opens up only when people face no born-social-status, develop community relationships, and undertake collective efforts through honesty, tolerance, mutual respect, merit and competition in serving the humanity not the self (individual or community). The road for the third sector towards regaining its past human security roles in MMCs is long, but unfortunately winding because of the protective inherent social structure in some, or contrived political platforms in some other.

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<sup>51</sup> Egypt has membership third sector organization (Muslim Brotherhood, MB) that is why the first election result went to its political party. The government banned the MB (again) in 2013 terming it a “terrorist group” and “accusing it of orchestrating a wave of violence to destabilize the country.” Its political party (Freedom and Justice Party) has been dissolved by Egypt’s Administrative Court because “the party’s leaders had already been accused, and in some cases convicted, of murder and inciting violence” (*The Wall Street Journal*, 9 August 2014).

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# Glossary

- Adalah** Justice (on the part of the ruler).
- Adat** Customary law.
- Adhan** Islamic ‘call to prayer’ called five times daily.
- Ahadith** Plural of *Hadith*.
- Ahbas** Religious foundations to provide salary and other expenses of the ‘*ulema*’, and maintenance expenses of the respective institutions.
- Akhi** ‘My brother’.
- Al Sa’ud** The ruling family of Saudi Arabia.
- Al-adl** Equilibrium or justice.
- Alim** A scholar/learned person, pl. *ulema* or *ulama*.
- Al-mua’kada** Contracts, e.g. marriage, divorce, emancipation, slavery, rights of succession.
- Al-mua’malat** Exchanges, e.g. buying, selling, association, giving, lending, borrowing.
- Amanah** Trust.
- Amwal al-nas** Wealth of people.
- Amwal** Wealth, plural.
- AQUASTAT** Food and Agriculture Organisation’s (FAO) global agriculture data-base system.
- Arisan** groups ‘Pre-cooperatives’ in Indonesia (formed by housewives, employees, or young men) for mutual savings.
- Awqaf** Charitable endowments (plural; singl, *waqf*).
- Bay’a** Commitment to the pact between the rulers and the ruled; obedience from the community (to the ruler, sheikh).
- Birr** Charitable gifts.
- Bonyads** Religious or charitable foundations in Iran.
- Brundtland Commission** World Commission on Environment and Development created by the UN (WCED).
- Caravan sarai** Shelter for the wary travellers.

**Chaihana** ‘Tea stall’ offering places for community gathering, mainly in the Central Asian MMCs.

**Civil society** That arena of the polity where collective actions in between individuals and the state ‘articulate values, create associations and solidarities’ for public benefit.

**Civil Society, Type 1** Organisations (that were not formed explicitly to influence politics).

**Civil Society, Type 2** Organisations (that were formed around particular issues or specific political demands).

**Darura** Necessity (also spelt *zarura*).

**Daruriyyat** Necessary actions that guarantee the preservation of the five essential values, i.e. the religion, human life, intellect (reason), lineage (offspring), and property.

**Din** Religion.

**Eid al-Adha** *Festival of the sacrifice* coinciding with the annual *Hajj* pilgrimage to Mecca.

**Eid al-fitr** Festival marking the end of the Ramadan (fasting) month; Eid literally means ‘happy’.

**Emirates Foundation** Established in 2005 in Abu Dhabi by a government decree.

**Fard ayn** Obligatory duty for all (to be fulfilled individually).

**Fard kifayah** Obligatory duty for the community (that may be fulfilled by representatives).

**Fatwa** Official edict on contemporary religious or social issues.

**Fetullah Gulen community** Commonly known as the Gulen Movement—a pacifist anti-extremist movement spearheaded by a Turkish Fethullah Gulen spread in 90 countries.

**FFG** Family and Friends Governance system in TSOs where the mutually supporting boards made up of family members and friends ‘rubber stamp’ the TSOs.

**Fiqh** Jurisprudence.

**Fuqaha** Jurists.

**Gotong-royong** Impromptu groups formed for village welfare in Indonesia and Malaysia.

**Grameen Bank** A specialised bank providing microfinance created by the Government of Bangladesh (often misperceived as an NGO).

**Grand Mufti** Top of the hierarchy of *muftis* (see ‘mufti’) in a state (introduced by the Ottomans and continued in the previous Ottoman territories).

**Habus** A religious foundation used to provide salary and other expenses of the ‘ulema’, and maintenance expenses of the respective institutions.

**Hadith** *Compilation of Prophet Muhammad’s Sunnah* (words, acts, and silent consents, pl. *ahadith*).

**Hadith Faili** Prophet Muhammad’s actions.

**Hadith Qawli** Sayings of Prophet Muhammad.

**Hadith Qudsi** Those sayings where Prophet Muhammad referred to Allah.

**Hadith Taqriri** *Others’* sayings and actions that received silent consent of Prophet Muhammad.

- Hajiyyat** Convenience that complements the essential.
- Hajj** Pilgrimage to the Kaba in Mecca.
- Halqa** Study circles (also known as *majlis*—a sit-up place).
- Hashar** Voluntary action for community benefit mainly in the Central Asian MMCs.
- Heba** Gift.
- Hijri** Muslim calendar commemorating the migration of Prophet Muhammad from Mecca to Medina.
- Hisbah** Office (created in Abbasid era for the promotion of good and the prevention of evil).
- Hudud** laws God ordained corporeal punishments; singl. *Had*.
- Hukm al-ahwal** Circumstance-dependent rulings or laws.
- Hukm al-makan** Place-dependent rulings or laws.
- Hukm al-zaman** Time-dependent rulings or laws.
- Ibadah** Worship; praying to Allah.
- Ijma** Consensus within the *ulema* (scholar) community.
- Ijtihad** A jurist's independent analysis and decision about an issue not covered by the Qur'an, Sunnah, or Isma.
- Ijtihad** Independent rational judgement (as opposed to *taqleed*).
- Ijtima** Association.
- Ilm** (Religious) knowledge.
- Imam** The person who leads a prayer congregation.
- Infraq** Spending in the name of God or for good causes.
- Insaniyya** Humanness.
- Isma** 'Jurist's' consensus.
- Jirga** Tribal council of elders in Afghanistan.
- Kampungs** Neighbourhood communities, mainly in Indonesia.
- Khadija bint Khuwailid Center** Women's section of the JCCI.
- Kharaj** Obligatory land tax for the non-Muslims in MMCs.
- Khilafa** Human's role as the vicegerent of God on earth.
- Khilafa** *Succession*.
- Khula** Divorce by the wife.
- Kurba** Coming closer to God.
- Kuttab** Place of writing; also called a *maktab*.
- Madhhab** Doctrine; commonly known as 'school'.
- Madrasa** Place of education with priority to religious education (used also to mean schools).
- Mahalla Association** Neighbourhood association (that still organises community benefit activities mainly in the Central Asian MMCs).
- Majlis** A sit-up place or study circle (also known as *halqa*).
- Maktab** Place of writing (used to mean mosque-based centre of the *imam* imparting religious education).
- Mal** Wealth, singular.
- Maqasid** Objectives (primarily of the Shari'a).
- Masalih al-mursalah** Public benefit (pl.; maslahah or maslahah, singl).

**Masjid** Mosque.

**Mawlana** See *moulana*.

**Moassasat** Foundation formed in Egypt replicating the family *waqf* (that is still prohibited).

**Mohammed Bin Rashid Al Maktoum Foundation** Launched in 2007 by the ruler of Dubai, with a US\$10 billion endowment focusing on education and knowledge creation in the Arab region, especially for young people.

**Moulana** Master or a higher position holder.

**Mu'allim** Teacher.

**Muamalat'** Human relationships.

**Mudarabah** Profit sharing activity with combined inputs shared by the respective capital, and physical and/or mental labour providers where the loss is borne only by the provider of the capital.

**Mudarris** A teacher (mainly in the *madrassa*).

**Muezzin** The person who calls the *adhan* call to prayer five times a day.

**Mufti** An authority to offer rulings (*fatwa*) on contemporary religious and social matters.

**Muhammadiyah** A sociopolitical organisation in Indonesia (committed to modernise the Muslims and their values) with at least 35 million members.

**Muhtasib** Marketplace inspector of the early days of Islam.

**Mullah** A man educated in Islamic theology, mainly by Shi'a Muslims; also used in Sunni Muslims to refer to a *mawlana*.

**Muqtab** See *maqtab*.

**Musarakah** Joint venture where two or more parties provide capital in a joint venture and share in the profit or loss according to the agreed terms not corresponding to the capital contribution ratio.

**Mutawalli** Trustee of a *waqf*.

**Naqsbandi tarikhah** Or *tarika*—a spiritual order of Sufism.

**Nass** Sacred text.

**Nazeera** See *Nazira*.

**Nazer** Manager/trustee of a *waqf*.

**Nazira** Female administrator/trustee of a *waqf*; also spelt *nazeera*.

**Niamah** Bounty (from God).

**Nisab** The threshold above which *zakat al-mal* payment becomes obligatory.

**Nishful ushr** Obligatory giving of 1/20th of the produce (from irrigated lands) to charity (see, *ushr*).

**Nizamiyya madrasa** Place of religious education built first in 1067 CE in Baghdad by the Seljuk ruler, Nizam al-Mulk.

**NU** Nahdatul Ulama, Indonesia (committed to preserving the tradition and local values), with at least 35 million members.

**Pesantren** Traditional residential Islamic institution of learning or *madrassa* in Indonesia.

**Philanthropy** Monetary or material support targeting elimination of factors causing personal sufferings of fellow human beings.

**Qadi** Judge.

**Qard al-hasanah** Offering benevolent interest-free loan is also a form of giving in Islam (also spelt *qard al-hassan* or *qard al-hasan*).

**Qard al-hassan** See *qard al-hasanah*.

**Qard hasan** See *qard al-hasanah*.

**Ramadhan** Dawn-to-dusk fasting for a month, also spelt *ramadan*.

**Rikaz** The group of things buried in the earth.

**Rububiyya** Divine arrangements for nourishment, sustenance, and directing things towards their perfection.

**Sadaqa** A catch-all phrase to incorporate many forms of non-obligatory charity beyond *zakat kaffara*.

**Sadaqa al-nafl** Alms of supererogation.

**Sadaqa al-tatawwu** Alms of spontaneity.

**Sadaqa jariyah** Kind of charity that continues to yield heavenly rewards forever.

**Sadaqa** Non-obligatory alms.

**Sadaqah** See *sadaqa*.

**Shari'a** Islamic law, also spelt *shari'a*.

**Shari'ah** See *shari'a*.

**Shaykh** Master specialized in religious knowledge; also senior, chief, or elder; also spelt *sheikh* or *shuyukh*.

**Sheikh** See *shaykh*.

**Shilla** Partnership foundations in the Arab region, especially in Egypt and Jordan.

**Shura** Consultation with the 'elders'; consultation between the ruler and people in the community.

**Shuyukh** See *Shaykh*.

**Sunan** Practices of Prophet Muhammad, plural of *Sunnah*.

**Sunnah** Practice of Prophet Muhammad, singl. of *sunan*.

**Tabarruat** Gratuitous transfers.

**Tahsinat** Improvement.

**Tai'fa** *Guild*.

**Takaful** Security.

**Talaba** Students.

**Talib** Student.

**Tamlique** The principle that suggests that the *zakat* payer has to make the poor the owner of '*zakat*'.

**Taqleed** Following without understanding (or reasoning).

**Taqwah** God consciousness.

**Tawhid** Unity of God and supreme sovereignty.

**Tazkiyah** Growth through purification.

**Tazyinat** Higher; better.

**Tolong menolong** Mutual help, both in urban and rural areas in Indonesia and Malaysia.

**Ulama** See *ulema*.

**Ulema** Scholars/learned persons (also spelt *ulama*; singular *alim*).

**Umara'** Rulers.

**Ummah** Community.



**Urf** Local custom.

**Ushr** Obligatory giving of 1/10th in charity from agriculture produces; or from 'rikaz' (see *Rikaz*).

**Waqf a'am** Public *waqf*.

**Waqf ahli** Family *waqf*.

**Waqf khas** Private *waqf*.

**Waqf khayri** Pious *waqf*.

**Waqf** Muslim charitable foundation or endowment, singl (pl. *awqaf*).

**Waqfiya** Deed creating a *waqf*, also known as *waqfnama*.

**Waqfnama** Deed creating a *waqf*.

**Waqiif** Creator of a *waqf*.

**WCED** World Commission on Environment and Development.

**Wilaya** Province in Oman.

**Wuratha** The inheritors.

**Zakat al-fitr** Obligatory Eid festival charity.

**Zakat al-mal** Charitable wealth tax.

**Zakat kaffara** Charity for making good wrong actions or for expiation for missing obligatory rituals.

**Zarura** Necessity (also spelt *darura*).

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